

# SATURDAY NIGHT

THE CANADIAN WEEKLY



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TORONTO, 1941

CHAFING FOR ANOTHER CHANCE AT THE NAZIS ARE 500 NORWEGIAN AIRMEN WHO ARE TRAINING AT TORONTO'S "LITTLE NORWAY". THESE ARE NORSE TRAINING SHIPS

IT IS a tribute to the capacity of the Hon. Mitchell Hepburn as a showman, that so much of the space of The Front Page must inevitably be devoted to him in a week which is by no means devoid of other subjects of interest. On the other hand, we are far from sure that that capacity does him much credit. The device by which he so persistently secures the limelight for himself is simply that of stepping in front of older and more dignified performers who have more important parts to play; and he does this stepping in front without the slightest regard for the performance as a whole. It may not have been at all necessary that the precise recommendations of the Sirois Report (which incidentally is by no means dead in spite of the deeply regrettable death of its chief author in the very midst of the squabbles over its implementation) should be adopted at the beginning of 1941; but it was highly necessary that some sort of understanding about the fiscal relations of the Dominion and the provinces should be arrived at before the problems of war taxation become too overwhelming, and Mr. Hepburn and he alone is responsible for the fact that nothing whatever can now be done towards that end, nor probably while he continues to be premier of Ontario. It is interesting to conjecture whether he would get along any better with a Dominion Government headed by a Conservative, or even by a Liberal other than Mr. King, but we are frankly not at all hopeful. Mr. Hepburn, we think, would get along well with any Dominion Government which would accept his dictation; but no Government which would accept his dictation could last long in power.

Mr. Hepburn has always been fond of using the authority of the Crown, whose chief adviser he is, in its most extreme form and for the most extreme purposes. In the province of Ontario he has magnified the powers of the Government far beyond any preceding premier. He has used his control of the Legislature to cancel solemn contracts entered into by his predecessors, to override taxation settlements which they had accepted, and in a score of other ways to effect purposes which would a few years ago have been regarded as beyond the proper scope of the Crown's normal powers. There is no form of the Crown's authority which offers more scope for dangerous and dictatorial action than the control of the currency used by the nation; and we are not in the least surprised that Mr. Hepburn has been growing progressively more fascinated with the idea of tinkering with the currency during each recent year. Association with Mr.

## THE FRONT PAGE

Aberhart has naturally done nothing to cure this tendency; the two men are of very similar character in many respects.

It is obvious that the Crown in the right of a province cannot do very much concerning banking and currency, which are assigned to the Dominion by the B.N.A. Act; and we do not think that Mr. Hepburn has any intention of transferring his energies and abilities from the province, where he is supreme master, to the Dominion, where he would have to contend with important rivals. But it is not impossible that he may have formed the idea that a strong group of provinces, such as Ontario, Alberta and British Columbia (in which last the ideas of Mr. McGeer have been extensively popularized), might be able to put the Dominion under such terrific financial pressure as to compel it to adopt a highly inflationary policy. That is the view quite frankly expressed by Mr. Aberhart at the conference. Mr. Hepburn was almost equally frank. "We have got to get away from the orthodox system of money, and we might as well come to it now" were his precise words. We think that he will go to the electors of Ontario with

a program to the effect that the province of Ontario cannot finance its public services and pay bonuses to cheese producers and maintain high wages on the farms and in the factories, unless the amount of money in circulation in Canada is greatly increased, and that a vote for him will be a vote to tell the Dominion Government to order the Bank of Canada to roll out the printing presses. It will not be the first time that he has run an Ontario election on an issue that had nothing to do with the powers of Ontario at all.

### What You Can Do for War

OUR own belief is that the Canadian people are now ready to undergo a considerably larger amount of regimentation, in the interests of the war effort, than the Dominion Government has yet seen fit to impose upon them, though we recognize the danger that rival authorities, in the shape of provincial governments, may utilize their position to work up resentment and possible resistance against such controls. But so long as controls are of

only limited scope a great deal of discretion is left to the individual citizen to determine for himself just what he can and cannot do without impeding the national effort. It is, we think, a justifiable ground of complaint that the Dominion Government has been unduly reticent, or unduly vague and even uncertain, in giving guidance to the private citizen on this point.

In this situation it seemed to us that much help could be obtained, by securing expressions of opinion on the subject from a number of the able and prominent business men who are now serving the government in various boards and control offices, and who have both a knowledge of the government's problems and a business man's practical sense in seeing their bearing upon the conduct of individuals. To that end we are publishing in this issue the responses of about a score of these men to the question: "What can the average reader of SATURDAY NIGHT do, and what should he avoid doing, in order to aid the particular war activity with which you are connected, or the war activity of Canada in general?"

We have found these responses even more practical, suggestive and stimulating than we expected, and we think that our readers will learn much from the perusal of them. We should have been glad to print the views of almost as many more men in similar positions, but some are out of the country on war missions, some are so desperately busy that we could not find it in our hearts to urge them, and a few felt that the nature of their position was such that they ought not to speak for publication. To all, both those who responded and those who, for reasons which we have to respect, were unable to do so, we extend our thanks, and our congratulations on the work that each is doing for the salvation of democracy.

### Bibble Babble

WE HAD occasion to go to the barber's last week, and while we were there a young man took the chair next to us, in order to have his hair cut. He wore the uniform of the Air Force and seemed a very pleasant young fellow, but it rapidly became apparent that the service of action, rather than, say, the diplomatic corps, was his proper place. As he sat down he began a flow of conversation which poured on and on until at last his hair was cut to his liking and he left the shop. He told the barber where he was stationed and why.

(Continued on Page Three)

### FEATURES IN THIS ISSUE

#### "What You Can Do to Help the War"

By G. C. Bateman, Loren L. Brown, Howard B. Chase, G. R. Cottrelle, David C. Dick, James S. Duncan, R. A. C. Henry, A. J. Hills, Dr. George Hilton, T. C. Lockwood, H. R. MacMillan, Maurice Samson, H. D. Scully, W. H. Somerville, J. McG. Stewart, J. H. Stovel, H. J. Symington. Pages 4, 5, 10, 11, 12, 13, 17, 18, 19, 20, 21.

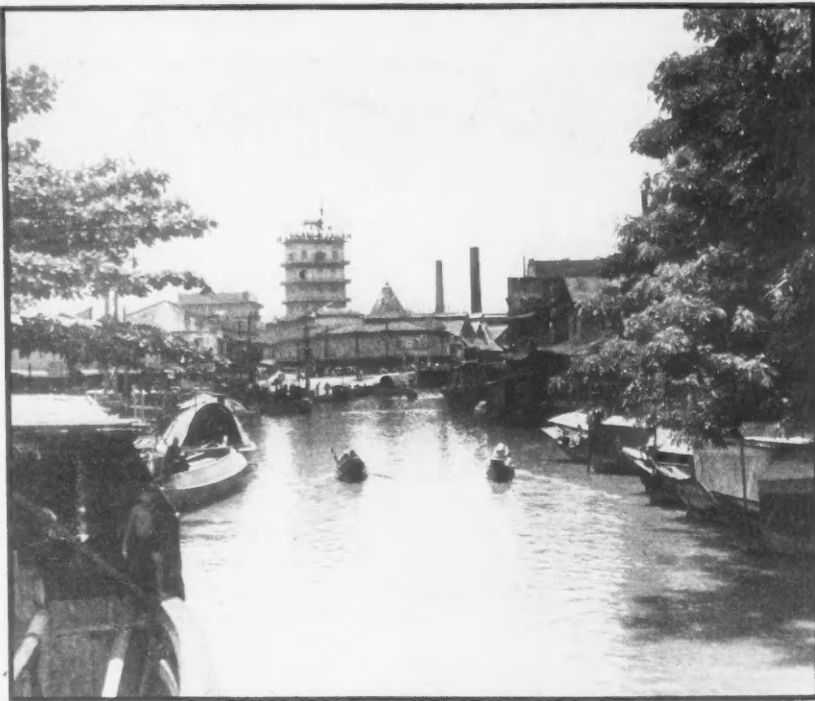
Inside Story of the Conference ..... Black Beaver 8  
"The Star Leads On" ..... Elise Ayles 33

Norwegian Flying Men in Canada ..... Wessely Hicks 6  
All Honorable Men ..... B. K. Sandwell 16  
Sea and Air Power in Mediterranean ..... Willson Woodside 14  
Playing for an Ontario Election ..... Politicus 23

#### ON THE BUSINESS FRONT

South America a Great Canadian Market ..... Raymond Arthur Davies 34  
Canada Needs a Churchill ..... F. M. Richards 34  
England's Credit in the United States ..... Gilbert C. Layton 40





A KLONG, OR CANAL, IN THE CENTRE OF BANGKOK, THE CAPITAL OF SIAM



A MAIN STREET IN BANGKOK WHICH WAS RECENTLY BOMBED BY THE FRENCH



SIAMESE BARBERS HAVE INDULGED A BENT FOR SURREALISM ON THESE LADS

## THAILAND

THAILAND, until recently Siam, covers an area of some 220,000 square miles in the Indo-Chinese or Further India Peninsula. Its people number 9,381,000, mostly Siamese, Chinese, Laos and Malays. The principal occupation is agriculture. Militarily, the country amounts to about a good snap of the fingers.

Yet last week Thailand was bedeviling once-mighty France. Last week Thailand's aggression on the French colony of Indo-China spread over a 95-mile front in western and a 190-mile front in northern Cambodia. Harassed Vichy admitted that one of its generals had withdrawn from 5 to 10 miles.

As the week ended, French and Thai naval units were reported in a brush which ended victoriously for the former; and 90 Thai planes attacked Indo-China towns, while an artillery duel was waged across the Mekong River. After French threats to bomb Bangkok, Thai capital, Thai officials threatened to trade them "bomb for bomb".



"GOLDEN MOUNT", CENTRE, HOLDS A BONE OF BUDDHA

# DEAR MR. EDITOR

## Abdominal-Slitter Smith

Editor, SATURDAY NIGHT:

THE other day I wrote a note of congratulation to a friend of mine in the newly formed Air Force Medical Service who had in about six months been promoted from a captain to a lieutenant colonel, but I apologized for being unfamiliar with air force rank nomenclature. He replied in that case always to use the prefix "Doc."

It seems to me that if a soldier had a belly-ache, to call in a pilot officer to take care of it would at least sound funny, and if consultative advice were needed and a squadron leader appeared it would seem still funnier. (You play writers may have something here.)

If this service wishes to be differentiated from its mother service, the R.C.A.M.C., then why not prepare an entirely new set of terms to designate the ranks of the "docs," resembling only in their hyphenated qualities their brother officers in the active air force. May I suggest the following.

Air marshal—Abdominal slitter.

Air commodore—Hernia healer.

Squadron leader—Tonsil tickler.

Pilot officer—Blood swabber.

I think it would sound better to the belly-ache sufferer that Blood-swabber Johnston had been called and Abdominal-slitter Smith would consult. Perhaps even some of the air force terms might be used in describing the disease; side-slip, loop-the-loop, fuselage, and aileron might be used.

Aside from the comedy many of us think this is just another case of unnecessary government expense, divorcing these two medical corps, but perhaps the permanent R.A.M.C. may absorb most of the blame.

Hamilton, Ont.

F. B. B.

## Canada and England

Editor, SATURDAY NIGHT:

I SHOULD like to tell you how much I enjoy and admire your journal. I have come here from England with my two children. In your journal I find expressed (and as it seems to me exceptionally well expressed—temperately, incisively, wittily) things I have felt about the present situation both in England and in Canada—things about England which I thought Canadians did not realize, and things about Canada which no Englishwoman, receiving such amazing kindness as I am, could or should say. That may sound offensive, unless I give an instance of what I mean. So for instance: In England I imagined Canadians politically bold-thinking, ultra-democratic, inheritors of the British tradition of free speech and the American sense of the equality of man. In Montreal I was amazed,

disappointed—even perhaps frightened for the future of British freedom. Your paper dispelled these fears. In Montreal "Socialist" sounded synonymous with "subversive," and I wondered how Canada could ever work with England if England turned the present social order upside down, or even pushed it quietly but obviously in that direction. To suppose that Canada had so little independence of political thought that she would fit her step to whatever the English band played wasn't really much better.

My own special work is in psychology; my last research has been published in London ("The Child's Discovery of Death"—not a wartime study), and will come out next month in the United States. I enjoyed a review in your last issue of a book on Child Psychology; it kept up your general note of not being too deferent to authority.

Ottawa, Ont.

SYLVIA ANTHONY.

## The Art Gallery

Editor, SATURDAY NIGHT:

THIS is both a letter of thanks and an episode from "Oliver Twist."

You did such a grand job in connection with our Red Cross show that I feel the Art Gallery of Toronto owes you a special acknowledgement. Over 30,000 people came to the Gallery and we are going to be able to hand over something more than \$4,000 to the Red Cross as a result largely of the splendid publicity we received from the press.

We are now on the eve of opening (February 7) an exhibition called "From Jacques Cartier to Confederation" which illustrates the discovery, exploration and settlement of Eastern Canada from the earliest times to Confederation. The material is very similar in character to that which we used in the exhibition to celebrate the centenary of Toronto, 1934; only this time we are adding to it photographs of buildings, of towns and of the landscape, and organizing the material to much better effect. Actually we have planned the exhibition to drive home the idea of the compulsion of national unity, and I hope that you will be able to call the attention of the public to what will be not only an instructive show but I think a very entertaining one.

Toronto, Ont.

MARTIN BALDWIN, Curator.

## British Justice

Editor, SATURDAY NIGHT:

"BRIDISCH Justice!" "Bridisch Justice!" shouted a German officer. He was a prisoner

of war in a Canadian camp and, with three others, was on his way to cells for punishment.

The Camp Commandant, through an interpreter, inquired what was meant by the shout.

It appeared that the officer had just arrived in the camp and had committed the misdemeanor, for which he was being confined, not knowing that it was forbidden. British justice was always fair, and it was not fair to punish ignorance and wilful disobedience with equal force.

The Commandant listened, accepted the compliment, saw the point and reduced the length of confinement by half.

A mighty force is justice. Incalculable is the strength lent to Britain by humanity's conviction that British Justice gives fair play, equally, to all men.

Montreal.

C. H. CLARK.

## Let's Write Oftener

(Rainy River, Ont., *Record*, Jan. 21)

SATURDAY NIGHT publishes a front page picture of a large group of men overseas receiving their mail. To view the happy, expectant expressions on their faces should be an incentive to all of us here to write as often as we can. They really must appreciate word from home and friends. A good New Year's resolution.

## SATURDAY NIGHT

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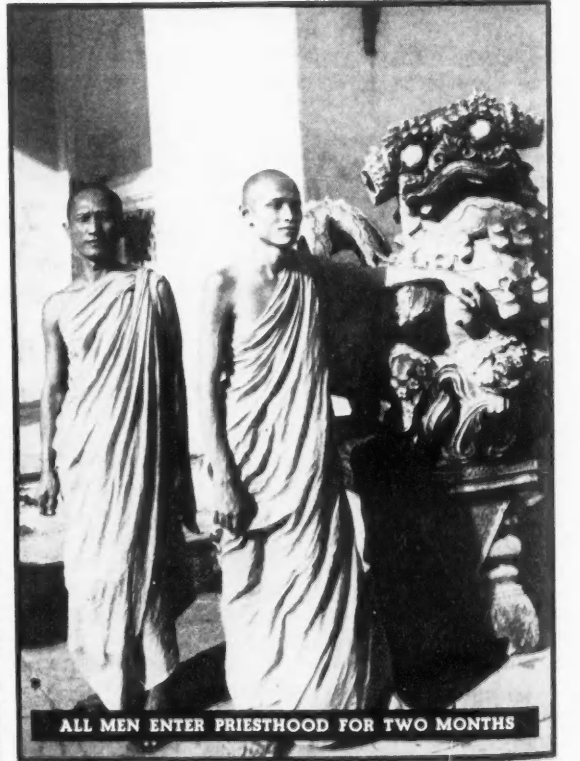
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BOT TEMPLE. BUDDHISM IS CHIEF RELIGION



ALL MEN ENTER PRIESTHOOD FOR TWO MONTHS



# THE FRONT PAGE

(Continued from Page One)

whence he had come, the virtues and iniquities of his superior officers, and details of his training. When he had gone a grim-faced man stepped into the chair which had thus been left vacant and the barber, even as he whipped the gingham sheet about his client's neck, began to retail everything that the young man had said, with the gramophonic talent of his trade. As we listened to the record for the second time we saw in our mind's eye a poster much used in Britain: "Be careful; careless talk may reveal secrets of vital importance to the enemy."

## Liberty, Security, Unity

ANDRE MAUROIS told his audience in the Eaton Auditorium last week that no nation can maintain liberty unless it can maintain security, and that no nation can maintain security unless it can maintain unity. He could hardly have delivered that momentous saying in a place where it more urgently needed to be said. Canada is a nation which is anxious to maintain liberty, which is none too well equipped for maintaining security, and which as a nation is very far from possessing the desirable degree of unity. So far, in spite of the stresses and strains caused by the war, and thanks very largely to the moderation and intelligence of its national Government, such unity as Canada has managed to achieve has not yet been greatly impaired as a result of the trying conditions of the time. But there are those amongst us who cannot refrain from seizing every opportunity to stir up a unity for their own political ends inciting the citizens of one province to a low opinion of the citizens of another province, exercising their authority to suppress opinions which are distasteful to themselves, stirring up suspicion against honest fellow-Canadians here and hatred against worthy fellow-Canadians there.

National unity cannot be created by the suppression of differing opinions. National unity is the product of tolerance. There are Canadians who have been so led away by the apparent successes of a regime of suppression in Germany and Italy that they have come to the belief that the national unity created by that method is a genuine and durable one. The truth is that that kind of unity is a brittle and perishable veneer cloaking a mass of irreconcilable hatreds. The national unity of Fascist Italy has already been revealed for the hollow shell that it is. The national unity of Germany will go the same way when the same pressures are applied to it. In the meantime the national unity of France, as Mr. Maurois pointed out, is being refashioned in the crucible of defeat, as Frenchmen of all parties are learning that tolerance of one another's views, the lack of which was the cause of their ruin.

## Co-operative Fighting

THERE are times when we find it difficult to believe that Canadians set any value upon the work of the Fathers of Confederation at all. The Fathers unquestionably intended Canada to be a nation; they said so in very plain terms, although they gave her the relatively non-committal title of Dominion. Now a nation, even a federally constituted one, has to function nationally in international affairs, and we cannot imagine anything much more international than a great war. But here is Mr. Hepburn actually insisting that this war must be prosecuted by the Dominion "on a basis of co-operation with the provinces."

"If you want to prosecute the war on a basis of co-operation with the provinces," he told the Ottawa Conference, "we are prepared to co-operate." Well, but suppose that "we" (Mr. Hepburn and his fellow-Ministers of the Ontario cabinet) were not prepared to co-operate? What happens? Don't we prosecute the war? Is this war the kind of thing in which the Dominion is capable of being hamstrung by one or two non-co-operative provinces—as it admittedly is in the implementation of treaties affecting labor conditions, civil rights and a dozen other matters explicitly assigned to the provinces? War was never assigned to the provinces. By what right does Mr. Hepburn assume for Ontario such sovereign powers that the Dominion cannot effectively prosecute war without his co-operation?



HMM... MAKES YOU THINK...

The United States also has a federal constitution, which is generally supposed to be stronger on states' rights than that of Canada. Does one ever hear of the State of New York demanding that the Washington Government must prosecute its wars "on a basis of co-operation" with the state governments—of which there are forty-eight? What does Mr. Hepburn think should be the attitude of the Dominion Government if in the prosecution of a war it should happen we do not suggest that it will happen, but on the Hepburn theory we must face the possibility—that the Dominion met with a non-co-operative attitude on the part of Quebec? Is the Dominion to quit prosecuting the war? Or is it to have the powers which are necessary in order to go ahead with the war, provincial co-operation or no co-operation? Or—and perhaps we have something here—is Ontario to be the only province with whom the Dominion must, willy-nilly, get down to a "basis of co-operation?"

"We (the province of Ontario) have been ahead of the Dominion in the effort to prosecute this war," was another of Mr. Hepburn's illuminating remarks. In what way does a province prosecute a war? Is there a private army of Ontario in the field? Is there a private Ontario battleship guarding Hudson Bay? Is there a private Ontario munition reservoir? Is Queen's Park provided with its own anti-aircraft guns?

We dislike the whole idea of Canada engaging in this war as nine provinces, no matter how co-operative they may be. The war is the business of the Dominion, and the business of the provinces is the essentially local matters which were assigned to them by the British North America Act. If Mr. Hepburn wanted to be a War Minister he should have remained at Ottawa. There are three parties there; if he didn't like one of them he could always move to one of the others.

## Lessons in Democracy

A FEW weeks ago we published an article in which the thesis was set forth that democracy cannot be taught. We still maintain that thesis, but we have to admit that there are certain facts about democracy which urgently need to be taught, and of which some of the Canadian people, and some of the Canadian newspapers, which ought to be acting as instructors to the Canadian people, seem to be unaware. There are times when we wonder whether democracy can be maintained in a country whose leaders of thought are so unaware of some of its essentials as certain Canadian newspapers occasionally show themselves to be.

The Toronto *Telegram* has an excellent habit, which is practiced by very few other Canadian

newspapers, of drawing attention to apparent inconsistencies and aberrations on the part of the Canadian courts. This practice, when carried out in an impartial spirit and without malice, is extremely useful to the administration of justice, for it tends to check the natural and human tendency of magistrates to give too much play to their personal feelings, and keeps them nearer to that superhuman impartiality which is the ideal justice. But the other day, in the course of one of these criticisms, the *Telegram* emitted a pronouncement which strikes at the very foundations of democratic justice. "Even with qualified magistrates on the Bench," it said, "there are sometimes puzzling pronouncements which lead laymen to turn to the Attorney-General to learn whether the law has been truly interpreted."

The idea that it is the function of the Attorney-General to tell the courts what is the true interpretation of the statutes is one which strikes us as so appallingly dangerous, so utterly contrary to British justice and British democracy, that we should hesitate to believe that it could find any acceptance in Ontario, if it were not that numerous occurrences in recent years have given ground for the belief that it may be entertained not only by the *Telegram* but also by persons very prominent in our political life. It is of the very essence of democracy, both as originally developed in Great Britain and as modified in the United States, that the business of interpreting the statutes passed by the legislature should be placed in the hands of judges who are utterly independent of that legislature. The Attorney-General is a member of His Majesty's Government. He is not necessarily a person particularly skilled in the interpretation of the law, for he has to be selected from among the relatively small groups of persons who have seats in the legislature body and who support the Government of the day. It is not even necessary that he should be a lawyer, though Mr. Aberhart's appointment of himself to that position without bothering to have himself made even an honorary member of the Bar has, we admit, excited some unfavorable comment. But even if he were the best lawyer in the country, which is distressingly improbable, he would still be an unsatisfactory person for laymen to turn to in order to ascertain whether the law has been truly interpreted. He is a political officer, deeply emmeshed in the strife of contending parties.

There is no doubt that in many individual cases the interpretation of the law by magistrates leaves much to be desired. But intelligent criticism by newspapers, accompanied by an intelligent account of the facts, seems to us to be enormously more likely to bring about a better general level of interpretation than turning to the Attorney-General.

# THE PASSING SHOW

WE STILL think the Italians should not overlook the military possibilities of Mussolini's chin. Remember what Samson did with the jaybone of an ass.

The trans-Atlantic cable is a wonderful thing. It enables us to follow Italian military operations stub by stub.

## DIPLOMATIC DITTY

If China's assisted by Russia  
To fight the diminutive Japs,  
And Nippon is friendly with Prussia,  
Does Stalin love Hitler perhaps?

We haven't heard much about Haile Selassie's movements lately, but it is rumored that an R.A.F. pilot in the Anglo-Egyptian Sudan flies through the air with the greatest of Ethiopians.

The presence of all those Nazi troops in the Balkans does not surprise us. We knew all along that Hitler's *lebensraum* complex would develop into Roommania.

Mussolini is reported to be using bombers to keep his remaining Albanian subjects "loyal." But he has always been a believer in Fiat government.

The British Navy is exercising care to prevent Italy from sending reinforcements to Libya. The British Army is said to have informed them that they cannot accommodate any more prisoners.

The Vichy government is having a hard winter. And to make matters worse the Free French report that Vichy is running out of Anti-Frees.

It is reported that Nazi incendiary bombs frequently fall into the Thames. But we fear Hitler will never set the Thames on fire.

First Indian Nationalist to second Propagandist: "You understand that when I say India should be free to protect herself against Russia and Japan, I'm talking through Mahatma."

Visitors to the Book Fair were invited to provide books for our troops in training. This seems to us a one-sided procedure, as there are troops abroad who are in much greater need of something to distract their minds. For anyone who may wish to send them a gift, we append our own book-list:

For Italians in Cirenaica—"You Can't Go Home Again."

For Italians in Albania—"For Whom The Bell Tolls."

For Italians in Ethiopia—"The Beloved Returns."

## OLD CONTEMPTUOUS CHANTY

The Mariners of England  
Who guard our native seas  
Regale themselves with tots of rum  
When riding at their ease;  
But O the Roman mariners  
Have heads of weaker sort;  
No draughts of "Nelson's Blood" for them.  
They always stick to port.

Reports are now confirmed that Shirley Temple is to return to the screen; we feel that she might have been reserved as a secret weapon.

The Biblical query as to whether or not the Ethiopian can change his skin remains unanswered, but recent developments show that he certainly has not turned his coat.

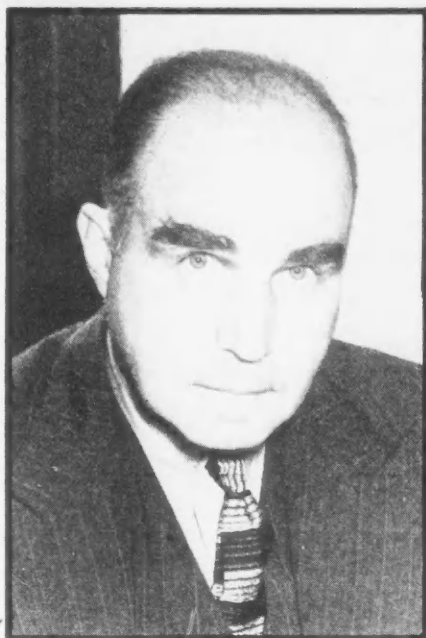
Jews remaining in Germany are to pay extra income-tax this year, the reason being their "racial inferiority." In this country such reprisals are taken only against those who suffer from economic superiority.

We still think you can buy War Savings Stamps without worrying about what kind of money they will be redeemed in. Mr. Hepburn isn't going to determine the value of the Canadian dollar for a few years yet.

"Never in the history of human conflict was so much owed by so many to so few."—Winston Churchill, of Britain's air defenders.

You too can help by buying War Savings Certificates regularly.





H. R. MacMillan  
Chrmn. Wartime Requirements Board



G. R. Cottrelle  
Oil Controller



James McG. Stewart, K.C., D.C.I.  
Coal Administrator



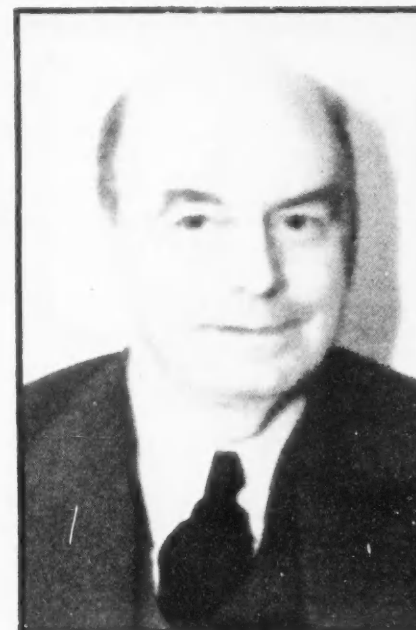
W. H. Somerville, A.I.A., A.A.S.  
Joint Chrmn. War Savings Comm.



David C. Dick  
Wool Administrator



Loren L. Brown  
Timber Controller



Thomas C. Arnold  
Machine Tool Controller



Maurice Samson  
Hides and Leather Administrator

## How You Can Help the War

# Why Sacrifices Are Needed

UP TO THE end of November, 1918, the total Canadian outlay for the last war was approximately \$1,066 millions. This covered all expenditures, both here and abroad, and included the upkeep of the troops overseas. Today, Canada is making war expenditures at an annual rate exceeding the entire cost of the Great War. In short, the resources of Canada are today already producing at a rate never hitherto attained.

### Diversion of Goods

The increased plant facilities now being created by the Government, contemplate a production this year substantially greater than in 1940. This means that in 1941 it will be possible to throw virtually the entire weight of Canadian resources into the line of battle. To achieve this end, it will be necessary to divert a maximum of goods from civil to military use; to employ existing plant facilities to a maximum before new construction is undertaken; to turn over a maximum of plant capacity to war orders; and fairly to apportion the available supply of surplus goods amongst the civil population. All of which will have a marked effect on the economy of the Dominion. Those business balance wheels, free competition and the profit motive, will thus no longer be able to exercise their complete influence on trade. Indeed they do not do so today; and it is for this reason that Government controls have been established.

These controls fulfill triple functions. They regulate the flow of

BY R. A. C. HENRY  
*Economics Adviser, Department of Munitions and Supply*

On this page and page 5, and on succeeding pages identifiable by the line "How You Can Help", the directors of various divisions of Canada's war effort answer the following question by the Editor: "What can the average reader of SATURDAY NIGHT do, and what should he avoid doing, in order to aid the war activity of Canada?"

SATURDAY NIGHT believes that readers will find these brief articles helpful and inspiring.

trade which the demands of war would otherwise disrupt and direct it into channels best suited to national needs; they mobilize more rapidly and effectively the resources of the Dominion; and they assure that the needs of the civil population are adequately met.

So today thirteen controllers or administrators have been appointed by the Government to direct Canadian business. In reality they are the general managers of thirteen important Canadian industries. It is their duty to assure that these industries operate in a way to serve national needs best.

Operating under the Department

of Munitions and Supply are seven controllers with extensive powers to administer the steel, oil, power, machine tools, non-ferrous metals, timber, and ship construction and ship repairs industries. Co-ordinating their efforts is the Wartime Industries Control Board, of which each Controller is a member.

Operating under the aegis of the Wartime Prices and Trade Board are the wool, sugar, hides and leather, coal, vegetable oils, and rentals administrators.

### The Single End

As the impact of the war makes itself increasingly evident throughout the commercial structure of the Dominion, so it will be necessary for these agents of the Government, and others who may be appointed, to take further steps to direct the Canadian economy towards the single end of victory. In short, to attain our maximum war effort, it is necessary to avoid all forms of wasteful spending; to prevent the luxurious use of necessities; and generally to curtail the spending power of civilians for non-essential products.

The extent to which it will be necessary to achieve these ends by the direct action of government agencies depends very largely on the extent to which Canadians will be willing voluntarily to forego non-essential expenditures of all kinds and types in order to master a nation whose leaders have not hesitated to throw their compatriots into poverty in order to produce machines of war.

# Strengthen the Home Front

BY JAMES S. DUNCAN

*Acting Deputy Minister, Department of National Defence for Air*

us are receiving as a result of war activity, are not dissipated in unnecessary expenditures. On the contrary, if each one of us is to help in the war effort we must put this surplus to one side every week and invest it in war savings certificates or government bonds, as the case may be.

### Watch Daily Buying

The housewife and the storekeeper and the business man should all carefully watch their daily buying to make sure that they are not spending on unnecessary things, but more particularly that they are not placing additional burdens upon our foreign exchange position by buying goods from abroad when we could get along very nicely with things grown, manufactured or produced in Canada or the British Empire.

In the field of public service, each one of us should accept any job which he is called upon to perform, and if no one suggests one to us, let us go and hunt one up—helping in a canteen, joining a knitting club, assisting the Red Cross, canvassing for public subscriptions, instructing or drilling a Cadet Unit, joining a study group, doing duty as a night watchman—all these activities are part of the war effort and there are jobs available for all willing hands to do.

If you read the papers carefully you will have seen that the Government is spending valuable time and money in training selected members of the fighting forces in certain trades and occupations. The Government is short of tool-makers and radio experts, of metal workers and wireless operators, etc., etc. Would it not be advisable that by night courses or spare time effort, those who are not in the services should also equip themselves by broadening their field of usefulness?

The unskilled laborer could learn a trade, the young man behind the counter could take up the study of radio which is becoming increasing-

ly important to our war work, the grocer's clerk could take up the Morse Code and fit himself to eventually enter the field of wireless telegraphy.

And then there is another avenue open to each of us. By our example, by our courage, by the point of view which we express in our daily conversation around the family table or among friends and acquaintances, we can help build up confidence in our war efforts, our armed forces, our institutions, our democracy. The chronic pessimist, the defeatist and those who have nothing but destructive criticism to offer should not be encouraged, and one should always try to remember that in a great national effort many details will be defective, many things will be done which should have been done differently or not at all. We should be tolerant of minor errors and shortcomings, providing the program as a whole was well conceived and carried out.

### Jobs Here to Do

Too many of us ordinary citizens are inclined to stay quietly at home and "Wait for leadership." I hold the view that if the average intelligent and educated citizen of this country (and that applies to most of us) would bestir ourselves to find out what is going on, would read the editorial page of their paper rather than the funnies and listen to information radio broadcasts rather than to Charlie McCarthy, we would find out for ourselves the channel through which we can best take part in Canada's war effort.

One thing is certain, the jobs are here to do and it is up to the ordinary citizen to do them, and broadly speaking if he will work harder at his own job, live modestly, lend his savings to the Government, learn new and useful things in his spare time, take a greater part in the life of the community and be a booster and not a knocker, he will not only be playing a useful part in the war effort but collectively he is helping to build a solid national foundation without which our war effort could not be successfully carried on.



# Weighing Our War Capacity

BY H. R. MacMILLAN

*Chairman, Wartime Requirements Board*

THE Wartime Requirements Board is so constituted as to bring together the viewpoints of each of the Fighting Services, the Bank of Canada, the Departments of Finance, of Munitions and Supply, and of National War Services.

This representative Board has been given varied responsibilities which may be outlined under three broad classifications—

The first is to study and weigh the country's capacity to provide the munitions and materials of war. Such ability is relative. It depends upon the will of the people to reduce the consumption of services and commodities in order to make possible a greater production of war supplies.

Expenditure by Government in Great Britain, almost entirely on war, is now said to be over \$61,000,000 daily. If Canada were spending on the same basis per capita, her expenditures would be about \$15,000,000 daily, as compared with \$2,000,000, the present approximate daily average.

This comparison is given to show the degree to which a besieged country can devote its energies to defence

and offence. The degree depends upon the will of the people, rather than upon other limiting considerations.

The measurement of capacity becomes the measurement of the narrow spots in the road rather than the spending of time in measuring those wide stretches which appear capable of safely carrying all possible traffic. When on this basis there is found to be a threatened scarcity of materials or facilities, the completion on time of any war program, the next natural step is to attempt to suggest a means of correction.

## The Growing Scarcity

The growing scarcity of essential war commodities, equipment and facilities, aggravated by Great Britain, Canada and the United States speeding up their war machinery, creates a condition where in Canada's continuous war production, within the time limits set, can be safeguarded only by foreseeing

the most dangerous shortage six months ahead. Long-distance planning and management is required.

If such a shortage should develop of commodities, facilities or services, that the supply is not adequate to supply both war and civilian needs or even all war needs, it will be necessary to allocate the available supply to the most important claimants in the order of their war and national urgency and importance. This will be cared for by a Priorities Office to be set up under the direction of The Wartime Requirements Board. Such a Priorities Office may be necessary to insure that commodities of American origin may still be available for Canada's war needs even after they have become insufficient in supply for American needs.

Other questions may be referred to The Wartime Requirements Board by the War Committee of the Cabinet or by officials of Government.

The Wartime Requirements Board is not provided with executive authority or administration responsibilities. Its recommendations, if adopted, are translated into action by the administrative branches of Government.



This young machinist, fresh from technical school, is helping out in Canada's armament program. Here he is gauging part of a big naval gun.

# Buy Savings Certificates

BY W. H. SOMERVILLE

*Joint Chairman,*

*National War Savings Committee*

WHY buy War Savings Certificates? They are being purchased at the average rate of around thirteen thousand each day—not a small operation. What principal motive prompts these purchases? Undoubtedly it is the strong call of patriotism; the realization that war savings are a vital part of our program of war finance vital in helping to supply financial needs for the Army, the Navy, and the Air Force.

But those who have thought carefully about the matter realize that back of the patriotic motive for purchasing Certificates lies national, as well as personal, self-interest. Those whose incomes rise at the present time—and whose incomes may presumably fall at the close of war activities—have a real interest in commencing and maintaining regular investments in War Savings Certificates.

## Increased Spending

It is well known that our Government, through borrowing and taxing, is raising a great deal of money to be spent for war purposes. As these funds are disbursed, people will have more money to spend on the things used in their daily lives. If everyone spends as generously as he wishes, and without any restraint, we shall

find that the production of consumption goods can only keep pace with the demand for them by curtailment of use of labor and materials which, at this time, are needed for war work.

On the other hand, if large numbers of people can be induced to purchase War Savings Certificates, and so to defer spending a portion of their income until the war load on our productive machine is lessened, they will be assisting materially in winning the war. They will be providing for themselves when peace is again declared, and will then have money to spend when the increased production of consumable goods is possible and when the spending of this money, to provide employment for labor, may be very desirable.

War Savings give an opportunity to everyone—the professional man, the salaried man, the wage earner—to save regularly out of income. Only in this manner will we be doing all we can.

The War Savings Committee particularly stresses the necessity for the purchase of certificates regularly,

week by week or month by month. It has an immediate objective to secure two million people pledged to the regular purchase of Certificates. The average Certificate sold is small, and the annual limit for the individual purchase of Certificates in 1941 is a cash investment of \$480.00 for a maturity value of \$600.00, as compared with the limit of \$500.00 set for 1940. This higher limit presents an opportunity for greater sales; but by far the largest volume of investments will continue to be made in Certificates of the lower denominations.

## An Investment

And speaking of "investments," let it be stressed that the War Savings Certificate is an investment—and not a contribution. The purchaser receives what is, in effect, a small bond of the Dominion of Canada, and if the purchases made are numerous enough, large enough and regular enough, they will also, in no small degree, be entitled to be termed "Bonds of Victory."

This important undertaking gives all Canadians the opportunity of discharging an individual responsibility. Let each of us give a pledge to "War Savings Service," and if we do so, the objective will be greatly exceeded.

# Accept Sacrifices Cheerfully

*an interview with*

G. C. BATEMAN

*Metals Controller*

AVOIDANCE of waste and cheerful acceptance of the ever-increasing sacrifices of money, toil and conveniences a total war demands represent the most immediate contribution the average Canadian can make to victory in the opinion of George C. Bateman, metals controller and former secretary of the Ontario Mining Association.

For the duration of the war Mr. Bateman is clothed with sweeping and all but dictatorial powers over the production, distribution and fabrication of metals other than steel which has a controller of its own.

In the ordinary course of his duties Mr. Bateman has little direct contact with the individual. He deals with the manufacturers who stand between the producer of metals and the user of metal products. So far the only real restriction imposed on the use of metals is the banning of aluminum for the production of domestic utensils. As the existing supply runs out Canadian housewives will be unable to obtain more aluminum pots and pans. That is just one of many small sacrifices Canadians will have to make.

"There are grim times ahead of us," said Mr. Bateman to a repre-

sentative of SATURDAY NIGHT, "times when we will see little progress towards victory; times when we will suffer reverses; times when we will be called upon for greater efforts and greater sacrifices.

"This will NOT mean only sacrifice of wealth or profits. We must, for the time being, be prepared to sacrifice our personal desires and, if necessary, forego our cherished personal liberty of action. We must be prepared to reduce our standard of living in order that more money and more materials may be available for war purposes. Here is the opportunity that is given to each one of us who cannot actively serve in the fighting forces to do his part in bringing about victory.

## Too Complacent

"Too many of us are complacently viewing this war as something that will be won without too much personal inconvenience. As individuals we must realize that we are engaged in a struggle for our existence and the right of free men to live with-

out fear. It is up to each one of us."

As metals controller Mr. Bateman has only to order the use of metals in the way he wants them used in order to avoid a shortage. That may, as with aluminum, mean the individual will go without things made of a particular metal. It does not involve any act of voluntary co-operation on the part of the individual.

Indirectly, however, the individual can help keep the flow of vital metals, lead, copper, zinc, nickel and aluminum into war industries running smoothly. He can do it by avoiding waste and by taking care of the machines and articles made from metal in his possession.

Economy and care leaves the individual with more money with which to buy government securities or make voluntary contributions. It eases the pressure on manufacturing plants and makes more skilled labor available for war production and, finally, it saves materials. By making the old car or the old washing machine last two years longer, last out the war if possible, any Canadian can contribute a material, if trifling, amount to smooth the path of men like Mr. Bateman who are the commanders of Canada's economic forces.

## Counsel from Men Who Know

In wartime we should give less thought to our RIGHTS as citizens and more thought to our DUTIES.

DAVID C. DICK, *Wool Administrator.*

The country's ability to provide the materials of war depends upon the will of the people to reduce the consumption of goods and services

H. R. MacMILLAN, *Chairman, Wartime Requirements Board.*

It will be necessary in 1941 to divert a maximum of goods from civil to military use.

R. A. C. HENRY, *Economics Adviser, Department of Munitions and Supply.*

The jobs are here to do and it is up to the ordinary citizen to do them.

JAMES S. DUNCAN, *Acting Deputy Minister of Defence for Air.*

The purchase of War Savings Certificates gives all Canadians the opportunity of discharging an individual responsibility.

W. H. SOMERVILLE, *Joint Chairman, National War Savings Committee.*

Steel is the very backbone of the armaments industry. We must divert more steel from normal peacetime uses to more vital needs.

H. D. SCULLY, *Steel Controller and Chairman, Wartime Industries Control Board.*

There are grim times ahead of us. We must be prepared to reduce our standard of living in order that more money and more materials may be available for war purposes.

G. C. BATEMAN, *Metals Controller.*

Rationing of gasoline may be deferred and even avoided if we refrain from using it selfishly and wastefully. Driving motor cars for pleasure only should be discontinued.

G. R. COTTRELL, *Oil Controller.*

Business should avoid policies which have a tendency to induce unnecessary buying or unwarranted price increases.

MAURICE SAMSON, *Hides and Leather Administrator.*

There has been very little labor trouble and there should be less, as both labor and industry understand how well their rights are being respected.

A. J. HILLS, *Chairman, National Labor Supply Council.*

The demand for power has grown by leaps and bounds. No real sacrifice has yet been asked of the individual, but next winter may be different.

H. J. SYMINGTON, *Power Controller.*

Every man can help by working harder at his own job, refraining from idle criticism and unnecessary spending.

J. H. STOVEL, *member National Labor Supply Council.*

Coal consumers can help by exercising every possible economy in the use of fuel, by buying requirements as far ahead as possible and accepting substitution when necessary.

J. MCG. STEWART, *Coal Administrator.*

Employers should not be too choosy. We shall soon need every man able to work. So give the older men a chance.

HOWARD B. CHASE, *Director of Labor Relations, Department of Munitions and Supply.*

Citizens can help by guarding their tongues in regard to shipping information. Undoubtedly, through carelessness, a lot of shipping information is getting into the hands of our enemies.

T. C. LOCKWOOD, *Transport Controller.*

Every person who builds or alters a home, buys furniture, or requires hardwoods for any purpose, is urged to use Canadian species exclusively.

LOREN L. BROWN, *Timber Controller.*

A scarcity of fats in wartime creates a serious situation. Every effort should be made to save surplus fats at camps, hotels, restaurants and in the home.

DR. GEORGE HILTON, *Oils Administrator.*



# A Fighting Norwegian Lieutenant Tells His Story

THE little boy waiting at the gate for the ferry to carry him over to Toronto Island Airport was incredible. He was incredibly homely, incredibly freckled, incredibly red-haired and the fount of an incredible number of questions.

The butt of his questions was a 24-year-old lieutenant in the Norwegian Air Force who had been at a military school near Oslo completing an advanced pilot's course when the Germans invaded Norway. With the red-headed waif interpolating questions as he tagged our heels, the lieutenant told me his story. It is not an uncommon one among these 500-odd Norwegians who are training at Little Norway in Toronto for another crack at the Germans. Let him tell it for himself.

"We didn't know that Norway had been invaded until we reported for classes at nine o'clock one morning and were told that the Germans had come in the night and that school was dismissed.

"We wanted to get to Oslo as fast as we could. We thought we would be needed. So we got a ride in a baker's truck and reported to the air field for service but it had been bombed by the Germans and the only planes left were a few Curtiss fighters and these had no skis—just wheels. The snow was about three feet deep and we couldn't get them off the ground.

"Overhead big Junkers planes wheeled and circled. One of my friends cried when he couldn't get a Curtiss off the ground. The Junkers were heavy and slow and would have been easy prey for a Curtiss. My friend just stood and looked at them and cried.

"In the woods there were many wrecked German planes. The field at Oslo is very small and the German planes are so fast they couldn't land there. Many of them cracked up in the forest when they tried. The Germans didn't seem very concerned about them.

BY WESSELY HICKS

"When I saw that I couldn't be of any use at the air field, I thought I would try to join our forces which were said to be in the north.

"But then I decided maybe I could pick up some information in Oslo so I went back and lived there for three or four days, talking to the Germans and seeing how they conducted themselves and where their machine gun emplacements were. They didn't seem to have a large force there then but more soldiers were arriving every day.

"One Friday I started out across the woods again and picked up about 100 volunteers on the way.

"I joined some infantry troops and stayed with them until I came across a fighter squadron which had no planes. I had to walk all this time because the railroads were jammed with our own troops and supplies.

"Our squadron was formed into an anti-aircraft unit and we were forced to retreat all the time although we didn't come in contact with the Germans but were pressed back by our own forces who were falling back in front of the Germans.

"My unit was assigned to protect a munitions factory and although the Germans must have known it was a munitions factory, they never bombed it. They seemed to know everything about the country. After the last war a lot of Germans had no place to go and we took them in and these people kept the Germans informed about Norway.

"We finally had to abandon the factory but before we did we got all the munitions out and destroyed the machinery.

"We then joined our forces in the Guderands Valley where we watched roads and searched the hills for parachute troops. We were divided into troops of twenty and stationed in farms and we kept regular patrols in the hills.

## An Uncertain Life

"Every day three or four hundred German planes went over. Sometimes they just flew over and sometimes they machine-gunned farms and often they dropped incendiary bombs. You couldn't tell what they would do and so you had to duck every time. The farmer and his family were nearly mad with the strain and finally they left and went down the valley to live in a little cottage.

"One day I went back to a supply depot to get some clothes. I was travelling through the woods on skis when a German plane went over. A few seconds later there was a terrific crash behind me. I knew what that was. The bomber had crashed. I think I was very happy then.

"I crept back through the woods and I guess I was disappointed when four men crawled out of the plane and then pulled out another one who had been hurt.

"At first I was going to try to take them prisoner myself but you can't

trust a German in war so I went back and got some of my own men and we took them prisoner.

"The injured man was a Major. His leg had been broken in six places.

"I did all I could for him and then we started out for Dombaas in an army truck with the Major lying on the floor and the four men in the back of the truck. I sat in front and kept them covered with my pistol.

"I kept asking them if they didn't think it was lovely country and they said Ja, it was lovely country and then we would pass through a bombed village and I would ask if they didn't think that was lovely but they didn't seem so sure of that.

"We arrived in Dombaas just as the bombers came over. The soldiers didn't seem to know what to do. We stopped the truck and I dropped on the floor and commanded them to do the same thing and they fell on the floor all over the Major.

"After that I went back to my squadron and found that the Squadron Leader had been killed in a fight with parachute troops. A hand grenade had struck him in the head and killed him instantly. He was a very brave man.

## Daring Parachute Troops

"The parachute troops were very daring. Sometimes they jumped when the planes were only two or three hundred feet from the ground. For every fifty men who jumped there were three or four whose chutes never opened at all.

"They were very heavily armed and carried all manner of equipment on their backs. Sometimes we found parachutes far up the wooded slopes of the steepest mountains where there were no trails. These men had been dropped with collapsible bicycles on their backs.

"Shortly after I came back from Dombaas we learned that the English were leaving Norway. At first I was very mad and then we heard that many of our people were going to England to continue the fight and we decided to go too.

"We went to Andalsnes where the English were embarking but we missed a destroyer by about half an hour and were forced to hide while the Germans bombed the town.

"There was war material and footballs and magazines and hats and all sorts of equipment scattered all over the place. Two of my friends were very badly wounded in Andalsnes by bomb splinters and one might have died if an old man hadn't put a tourniquet on his arm. He joined us later in England.

"At Andalsnes we got a 60-foot fishing vessel and sailed through the fjords very close to the shore.

"One day a Heinkel dove down out of the sun and tried to bomb us and when he missed several times he banked around and machine-gunned us. The skipper was very cool and kept asking me what to do and I lay flat on the deck and told

him and he beached the boat.

"We all ran and hid in the woods as far from the boat as possible because we knew the German would bomb all around it and he did. He dropped his full load of bombs on the beach and in the woods and then he machine-gunned the woods. The bombs would scream down and trees and bushes and dirt would fly all over the place. I kept dodging around a tree to keep away from his machine gun bullets. Finally he went off and machine-gunned an old man who was fishing farther down the fjord. He missed him too.

"When we got back in the boat we counted 119 splinters in it. The skipper was very proud of them.

"That night we sailed along the coast to Vardal, a little village. On the way we saw a town burning but we didn't put in.

"At Vardal four of us bought a 30-foot boat and set out to cross the North Sea to England but we didn't know much about sailing and we ran aground in the harbor of a fishing village.

"In this village we found thirty English soldiers and an officer who had been separated from their unit and had made their way to the coast where the villagers were looking after them.

"While we were there a German plane tried to bomb the fishing fleet in the harbor. The pilot tried several times before he scored a hit and set one of the boats on fire. I guess he wanted to make a good job of it because he came back and dropped another bomb which fell just at the stern of the boat and made such a big splash that the water washed over the boat and put the fire out. The Germans seemed to be very poor bombers.

"After awhile we joined forces with the British soldiers and we all set out for England in two small boats.

"The weather was very bad. The waves were so high that often we couldn't see the other boat. And I never saw the soldiers all the way across. They were so seasick that they stayed below deck all the time.

## Safe at Lerwick

"After two and a half days we arrived in the Shetland Islands and stayed in a little town there over night and then went down to Lerwick where many of our old comrades were on the quay to greet us.

"After that we spent several months training with the R.A.F. in London but when the campaign in Norway was finally abandoned our training was interrupted for we had been training just to go back to Norway and fight.

"We were in London for the first bombings and then we were sent to Canada in August to continue our training.

"We were very sorry not to fight the Germans right away. In the north where our airmen had plane they fought very well and invented a new method of bombing from a stall turn and then a vertical dive onto the target.

"We learned that the only way to fight bombers is with fighters. The Germans seemed very contemptuous of anti-aircraft fire and only a barrage seemed to turn the bombers away. It was only luck I think when a gun made a direct hit. But I saw many German planes which had been flying low and had been shot down by heavy machine guns.

"Now we don't know when we'll be going back to England again and we don't know when we'll see Norway.

"Most of our families don't know where we are. Back in Norway I have a mother and sister and a brother. They probably think I'm dead and I've made no attempt to get in touch with them.

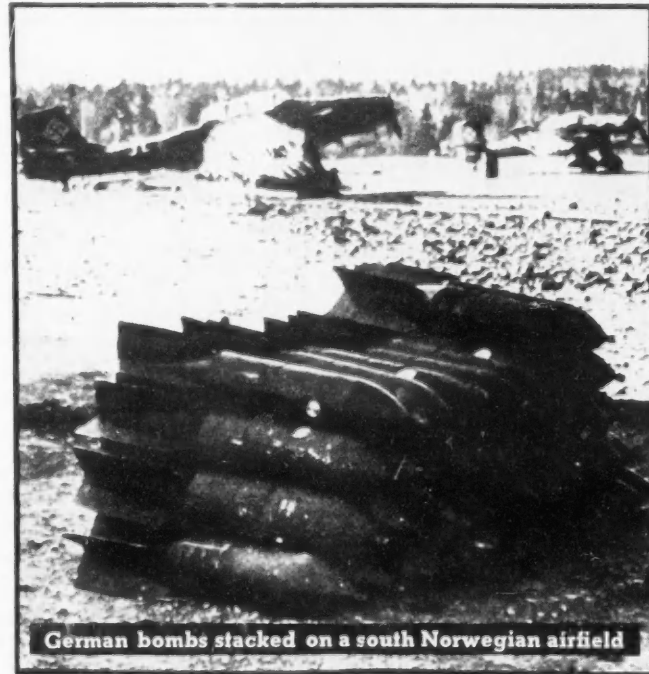
"If they think I'm dead, they get used to it and it won't be so bad. If they knew I was fighting they'd worry about me being killed. After the war is over I'll go back to Norway and they'll see I'm all right. Lots of the fellows here are doing the same thing."



A German air force officer chats with four captured Norwegians



Youthful German soldiers on guard outside the Royal Castle, Oslo



German bombs stacked on a south Norwegian airfield



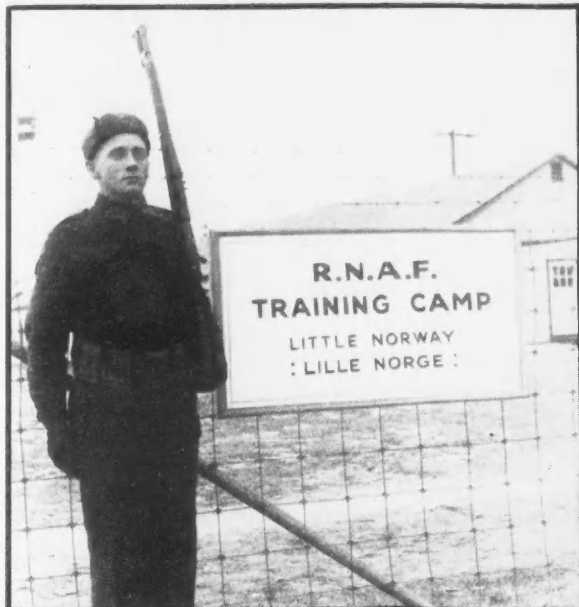
A Nazi anti-aircraft gun at a supply depot



A Nazi and a Norwegian guard a hangar



# Norsemen Find Wings and Romance in Toronto



The guard at the gate of Little Norway . . . .



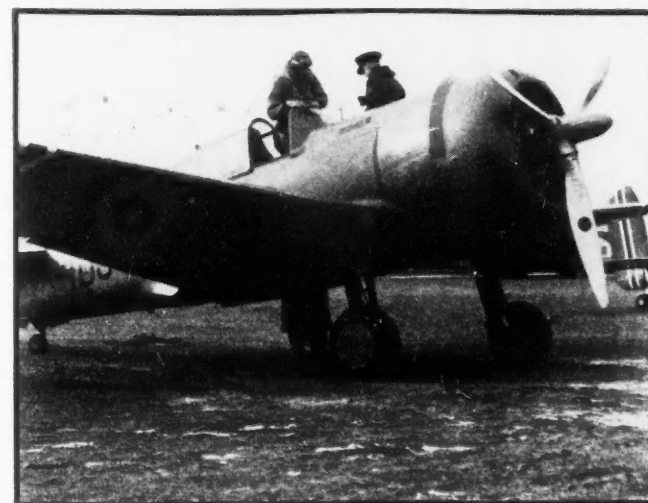
. . . located "somewhere between Toronto's baseball stadium and the western gap"



Reveille: arouse ye Norsemen to another day



An Oslo breakfast contains all the vitamins



Advanced pilots fly fastest planes in Canada

"WHAT? Don't these birds ever get excited?"

These the words of our cameraman as we watched a light bomber, flown by a Norwegian student pilot at Toronto's Island Airport, make a perfect landing, except for a small declivity in the field, which, in some unaccountable manner, threw the plane around damaging one wing.

Nobody was alarmed, nobody but the cameraman and myself, who, unfamiliar with all things pertaining to fly-

ing, looked for some sort of a major disaster, which of course, didn't happen.

These Norwegians, five hundred of them or more, living in army huts, known as "Little Norway," located between the western gap and the baseball stadium in Toronto, have so conducted themselves during their stay in Toronto that nobody speaks of them except in the highest and most laudatory terms. They are here to train in the Royal Norwegian Army Air Force or the Norwegian Naval Air Force.

If these big, fair-haired, fine-looking fellows, with their quiet unassuming manners, rarely become excited themselves, they nevertheless have the faculty of exciting others, especially the younger ladies, who, at the very mention of a Norwegian, experience romantic palpitations of the heart. In fact, these attractions have already developed into two marriages between Norwegian airmen and Toronto girls, with more, it is said, in the offing. Prince Olav, the Crown Prince of Norway, who visited Toronto last week to inspect "Little Norway" and the flying field, expressed himself as delighted with these war romances between Canadian girls and his subjects in

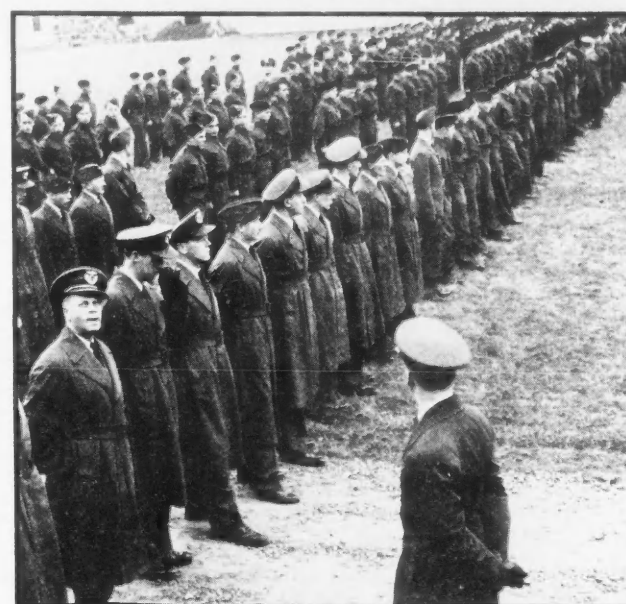
Canada. Who knows, when this war is over, the compliment may be reversed and we shall hear of the establishment of a new colony in Norway called "Little Canada."

And they are mighty good fun at that as many Toronto citizens have learned who have thrown open their homes to them. As an indication of their popularity, the Norwegian authorities received over 800 invitations to Christmas dinners for their boys, with only 500 to accept.

How many of them took advantage of this offer and had two goes at some roast turkey is not known.

And speaking about meals, there is many a Canadian mother would give anything to have a movie of these Norwegians having breakfast as an object lesson to their younger children, who, during the winter months, must undergo the bitter experience of taking cod-liver oil daily either in its raw state or disguised. Norwegians have it before them at breakfast and toss it off in its natural state as the average Canadian would his orange juice.

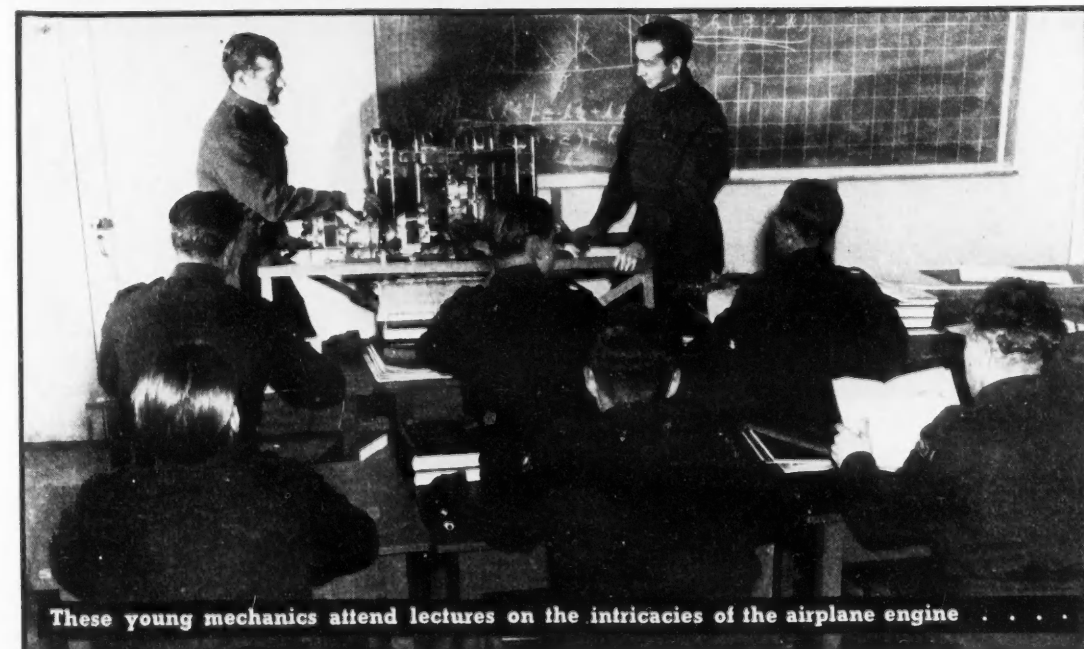
And here's a tip for Mommy too. For the rest of their meal the Norwegians have what is known as the Oslo breakfast, not every day, but often enough to identify this particular repast with Norway, where it originated. It consists of whole-wheat and rye bread, butter, cheese, pickled herring, a pint of milk, and the choice of an apple, a raw turnip or carrot. According to Capt. Liev Kreyberg, who, incidentally, is a world-famous pathologist, now administering his talents to the medical welfare of the Norwegian forces in Canada, the meal is said to have everything from a scientific and dietetic standpoint, containing as it does every one of the vitamins and other top food values.



Early morning inspection for officers and men



" . . . their moments of relaxation in barracks"



These young mechanics attend lectures on the intricacies of the airplane engine . . . .



. . . while Norway's future pilots probe the mysteries of the all-important Morse code





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**TURNING  
WHEEL**  
*"*

**GENERAL ELECTRIC  
EQUIPMENT**  
*is on Active Service*

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Canadian General Electric is actively engaged in developing and manufacturing electrical equipment for use in plants producing munitions, aeroplanes, trucks and other urgent necessities. In addition, the Company is making vast quantities of electrical equipment for industries engaged in procuring and processing vital raw materials into finished products.

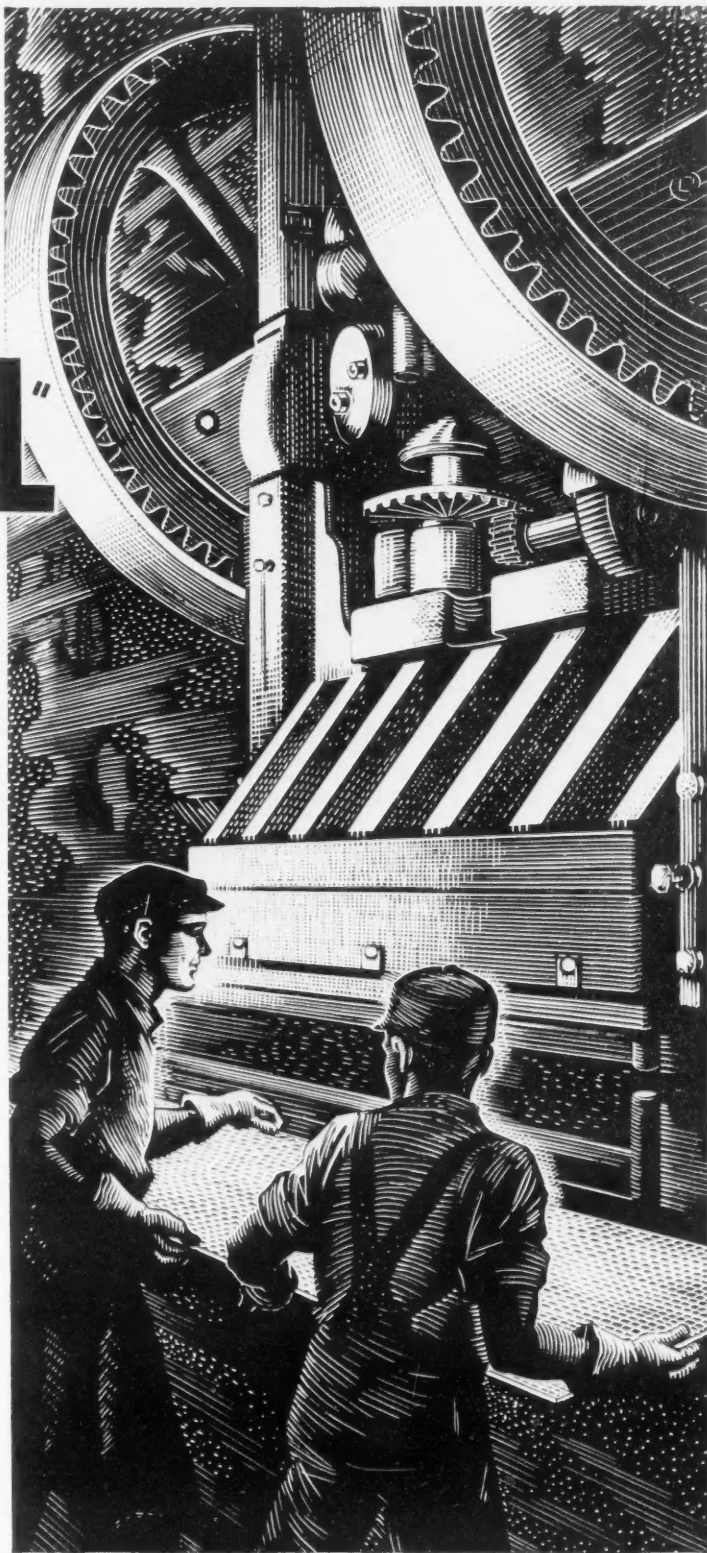
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## Inside Story of the Sirois Conference

BY BLACK BEAVER

**H**ISTORY as it happens is confused by events of differing importance and coincidences that mar the sharp lines of cause and effect. The origins of the Sirois Conference have become doubly interesting in view of the fierce controversy that its collapse has already engendered. The Sirois Conference was called for one simple reason which, if it was virtually lost in the sensational flare-up between the Dominion and some of the provinces, will become steadily more apparent in the next few months. The reason was the imminent danger of destruction of local and provincial government in Canada under the strain of federal financial requirements for the war.

The Sirois Conference had its genesis in a memorandum prepared by senior officials of the Department of Finance in June, 1940. That was within one month of the day when the Report was tabled in parliament. The Rowell-Sirois Commission was formed in August, 1937, and delivered its report to the government on May 10, 1940. It was tabled on May 16. Reasons why the Finance Department got to work immediately to appraise the report in the light of war conditions are not difficult to see. The report deals with financial and economic relations within the Canadian federal system. The Finance Department had fresh, first-hand knowledge of the consequences of economic pressure upon the federal system. It saw how the Great Depression widened the defects of Confederation into vast fissures to suck down local governments. The war meant greater pressures, and the certainty of comparable demands for federal assistance.

The Treasury memorandum convinced Mr. Ilsley, who in turn convinced his colleagues, that the main features of the Report should be implemented, both as a war measure and as a precaution against post-war difficulties. Mr. King—as he disclosed at the conference—had doubted whether an attempt should be made. But every Minister of the Government, and every senior official at Ottawa who was apprised of the Treasury memorandum, sooner or later agreed that the recommendations should be taken up with the provinces.

### Failed to Get Public Ear

What was in the memorandum to make the Prime Minister of Canada change his mind? The answer to that question is the clue to the drama of the Sirois Conference. It explains why that drama may turn out to be

a national tragedy before many months have passed.

The most fateful omission from preparations for the conference was failure to let the public know fully the motive for calling in the provinces.

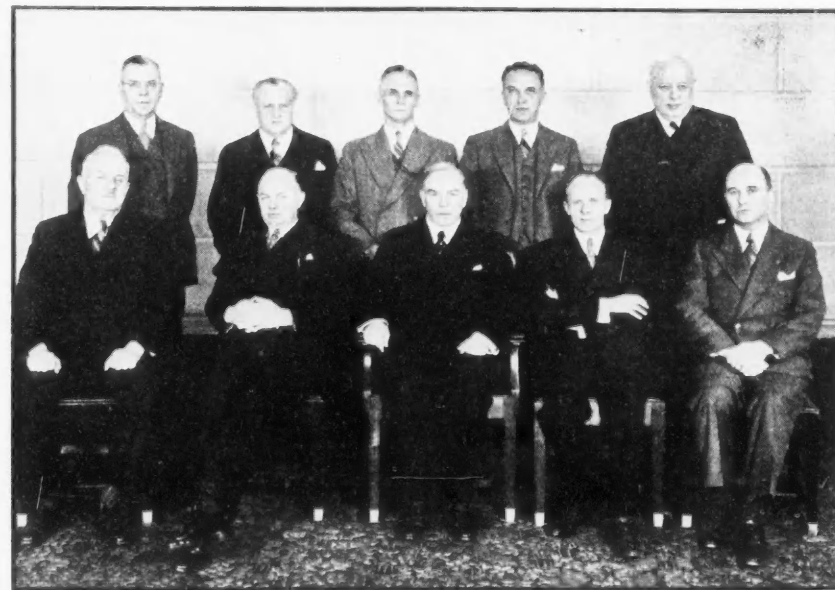
The memorandum should have been spread around from coast to coast. Perhaps it was impossible to catch the ear of the Canadian public, which was engrossed in the U.S. presidential election campaign and the threat of German invasion of England. Certainly there was no attempt to use the national press gallery or the newspapers to build up public attention. There was even little effort made to correct misconceptions, which in the aggregate destroyed the conference in January.

An untrue report was published that the conference was a political step to head off Premier John Bracken of Manitoba, who had just formed a fusion government to press for the Sirois recommendations. How easily this story was accepted was shown when it appeared first in the *Financial Post* as a news "scoop" from Ottawa, though that paper was one of few that gave its readers a thorough analysis of the Report and had favored the principles contained in it. The first major mistake of the Finance Department was failure to scotch this report, for it undermined the very sections of opinion upon which success depended.

The treasury did not lay its cards on the table until the conference was already in ruins. Then the speech of Mr. Ilsley on January 15 disclosed the facts, but it was too late and his speech was immediately construed as a loaded gun held at the heads of the provinces.

### Implications Not Seen

The contents of the treasury memorandum are still confidential, but the main points were set out in Mr. King's letter to the provinces on November 2. The letter referred to financial difficulties and controversy that had arisen during the Great Depression, which "destroyed the financial independence of many local governments." The war, Mr. King continued, had intensified the problem. As long as the risk existed, as it did in the depression, that the provinces would not be able to stand on their own feet, the war effort would inevitably be hampered. More than that, post-war adjustments would be handicapped. Would the provinces meet to consider the recommendations as a means of assuring their own financial independence in



The Dominion-Provincial conferees. Left to right, seated: Hon. A. S. MacMillan, Premier of Nova Scotia, Hon. M. F. Hepburn, Premier and Provincial Treasurer of Ontario, Rt. Hon. Mackenzie King, Prime Minister of Canada, Hon. A. Godbout, Premier of Quebec, Hon. J. B. McNair, K.C., Premier of New Brunswick. Standing, left to right: Hon. W. J. Patterson, Premier of Saskatchewan, Hon. T. D. Pattullo of British Columbia, Hon. John Bracken of Manitoba, Hon. Thane Campbell, K.C., of Prince Edward Island, and the Hon. William Aberhart, who is Premier of Alberta. Premier Hepburn's anti-Sirois attitude is evident in his posture.



this time of growing crisis, and as a means of assisting the Dominion to achieve the maximum war effort?

In retrospect, it is clear that the implications of this letter escaped most of the provinces, most of the public. The first year of war meant buoyant revenues for the provinces, and even up to the conference itself it was difficult to see the storm signals facing the provinces. But the federal treasury knew, and the provinces now know, that the Dominion's war effort will drain off a third, perhaps a half, of the revenues of the provinces.

Against the failure to cultivate adequate public support for the reforms of the Sirois Report, the formation of opposition that ultimately upset the conference is clear. Neither Mr. Hepburn nor Mr. Aberhart arrived in Ottawa with the full intention of walking out of the conference. Both did arrive with the intention of opposing the Report, an intention which they shared along with mutual admiration of unorthodox fiscal theories. Mr. Aberhart was in Ottawa on November 12, and he told Mr. King, in his office in the Centre Block, that Alberta would attend the conference. Mr. Aberhart left Ottawa but did not return to the West for six days, ostensibly visiting his old home in Ontario, and he is believed to have met Mr. Hepburn or a representative privately. He issued a statement in Toronto on November 18, declaring the Sirois plan would reduce provinces to glorified county councils, something not found in Alberta.

### Agreed to Walk Out

Mr. Hepburn did not openly attack the Sirois Report until he delivered his prepared speech at the opening of the conference, which he said would serve to explore means to cut down all governmental costs. His decision to oppose the Report therefore was matured in advance, but his decision to oppose the conference itself was another matter. The speech read by Mr. McQuesten on the second day revealed Ontario's expectation of participating in committee stages. Mr. McQuesten outlined Ontario's budget position, adding that his treasury officials could explain the details. On Mr. Aberhart's part, the conference opened on Tuesday and on Sunday he had said in Winnipeg that the conference was a proper step to take.

Only Mr. Pattullo arrived with his mind closed to the conference. His speech, printed in Victoria, was a cut-and-dried rejection of the Report and efforts to implement it. He was in Ottawa with that speech a full week before the conference opened.

When did they get together on the idea of scuttling the conference? Disclosure that the three premiers who combined to torpedo the conference had consulted each other, came in the private meeting of premiers with Mr. Lapointe and Mr. Crerar on the morning of the second day. Use of the inclusive pronoun "we" by Mr. Hepburn, Mr. Pattullo and Mr. Aberhart, and other evidence, left no doubt in the minds of other premiers that a plan to withdraw from the conference had been pre-arranged. Mr. Hepburn informed the meeting of the decision, adding words of personal condemnation of Mr. King.

### Hepburn Lined Them Up

In the afternoon of the last day, hope lingered until the end that these speeches might prevail over the opposition of three provinces. Nothing but renewed protestations of support for the war came from the rebels. If they expected the conference to drop the Report and proceed on wide open lines—which each of the three urged—they were doomed to disappointment.

Mr. King asked for a brief recess to consult his colleagues, and while the federal cabinet met, both Mr. Aberhart and Mr. Pattullo weakened. But Mr. Hepburn brought them into line, in the case of Mr. Pattullo with in sound of witnesses. So when the conference resumed, Mr. King wound up proceedings with a neat speech, saying the conference is ended but the issues linger on.

Collapse of the conference raised immediately an issue to overshadow even the problem of re-casting econ-

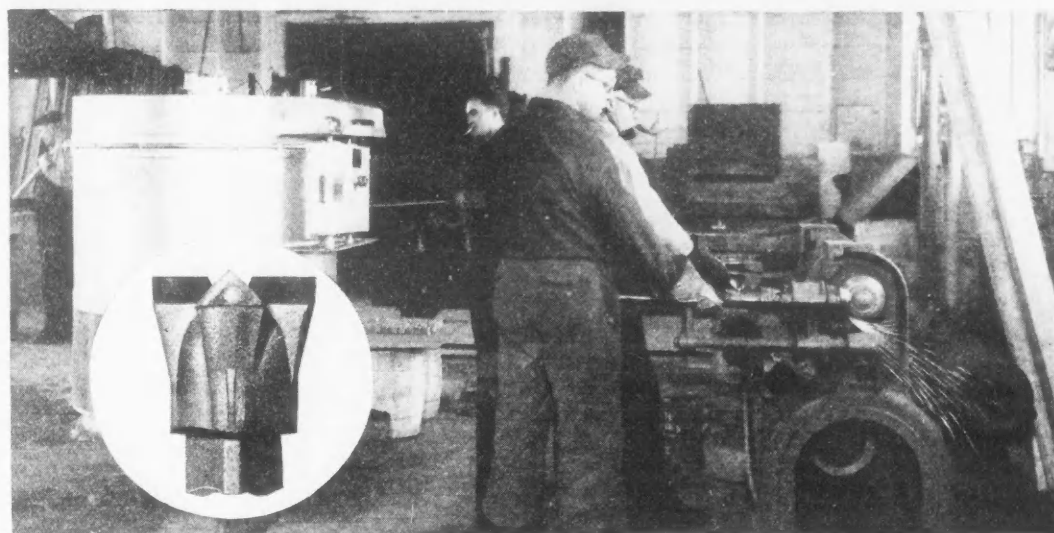
omic relations in Canada. Both Mr. Hepburn and Mr. Aberhart had disclosed that they had alternative policies to offer the country for financing the war effort, thereby criticising the very foundation of national war policy. "We have got to get away from the orthodox system of money and we might as well come to it now," said Mr. Hepburn. Said Mr. Aberhart: "I have a theory. I think you will have to try it before you get through. . . I am quite sure the Minister of Finance cannot raise

the money he will need by the means he is talking about." The only applause for this statement came abruptly from Mr. Hepburn, to his momentary embarrassment. It is a point of dispute among observers whether Mr. Aberhart added: "Or stop the war."

The significance of these passages will not be long in emerging. Failure of the Sirois Conference marked the acceleration of Canada's drift to inflation, for it frustrated an effort to strengthen the internal structure of

Canada and it brought out into the open some at least of the forces that pull in that direction. It left the provinces, vital components of Confederation, as weak links in the national economy, their debts likely to become unmanageable as revenues decline. It was a desperate enough decision to come to, to summon the provinces for consultation in the midst of war. It was patently worse to wait for the certainty they will have to be bailed out within eighteen months in any case.

In the steady deterioration in standards of public services and in material existence that the Canadian people cannot escape as the war endures, the first casualties will be the provinces. That is the history of Confederation in the Great Depression, when some of them had to be rescued, all of them helped. The war is exerting far greater strains on the national economy than ever the depression did, and the inherent ill balance that forced the provinces towards the brink still exists.



(Left) A WARRIOR "WINS HIS SPURS": Thousands of army vehicles are rolling off the production lines of General Motors, Ford, Chrysler. Many of these may have already "proved their mettle" on Egyptian sands, with British "Tommies" in the van—and "Thomies" under the hood. For every Canadian motorized unit has some "Thompson" in its make-up.

(Above) THEY'RE "DOING THEIR BIT": Thompson-Liddicoat Detachable Mining Drill Bits, one of the newest developments of Thompson Products Ltd., have greatly accelerated and simplified drilling operations; increasing production, and winning the praise of mining engineers. Here, bits are being resharpened at one of Canada's leading gold producers.

## MEN AND METTLE

BUILT to serve peace time needs, Canada's automotive industry has readily and speedily geared itself to the needs of national defence.

Like the modern motor car, the motorized army vehicles now flowing endlessly from car factory production lines are each made up of thousands of different parts. These parts are produced to some extent, by car manufacturers—but, to a much larger degree, by over 250 independent Canadian parts manufacturers of which more than one hundred are of major importance.

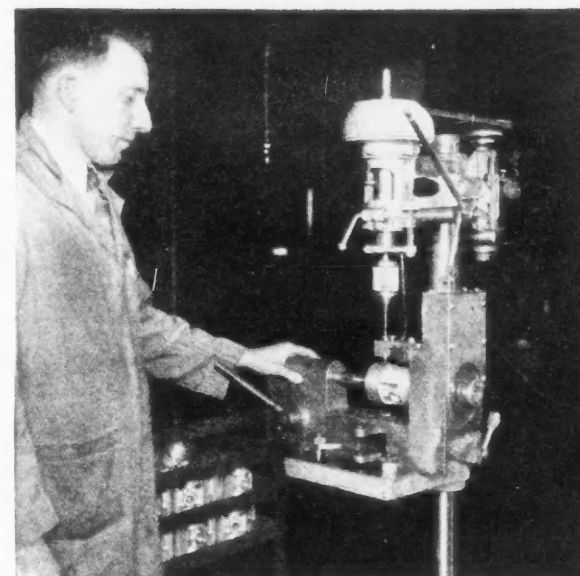
In the cold dawning light of a new year, the importance to Canada of the automotive parts industry, now and in the past, has never been so clearly revealed.

Fast moving events have brought new importance to St. Catharines,

Ontario, where more than half the city's industrial employees are engaged in the production of automotive parts. St. Catharines is also the home of Thompson Products Ltd., suppliers to the automotive, aircraft and mining industries.

Policies at Thompson Products have been shaped to attract the highest type of skilled artisan; remuneration levels have been maintained relatively higher; relationship between management and employee has been, at all times, close and friendly with every inducement given to encourage long service. Such policies have contributed largely to that peak efficiency in daily production one finds at Thompson Products today—and to that manufacturing precision, critical times demand. "Thompsonites" are "proving their mettle", too.

OUT OF THE "NEST"—droning like giant, angry wasps, British fighter planes go looking for trouble. Supplementing Britain's home production, an unceasing flow of imported aircraft is bridging oceans and seas. In such aircraft, Thompson products are serving—and serving well. As Canada, too, continues to import aircraft and other war necessities on a mounting scale, the conserving of foreign exchange is of increasing importance. "Buy Canadian" has ever been the watchword at Thompson Products in the purchases of raw materials.



DRILLING "FOR OIL"—is everyday routine at Thompson Products. Of the many distinct and intricate operations in the manufacture of a Thompson piston, drilling the oil ring groove to assure free lubrication is one that demands special care. This operation is shown above.

IN INDUSTRY'S FRONT LINE: Women, too, are playing a most important part in these critical times and Thompson Products is particularly proud of those women within its own organization. With Canada's automotive, aircraft and mining industries operating at wartime tempo and depending to an increasing degree on Thompson products, production is reaching higher and higher levels. Essential Thompson parts, produced at St. Catharines, Ontario, by hundreds of Canadians, include: Pistons and piston pins, valves, valve seat inserts and retainer locks, tie rods, tie rod ends and Thompson-Liddicoat detachable mining drill bits.





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Credit Insurance reimburses you when debtors default on goods shipped under coverage of the policy. Reorganizations, as well as insolvencies, are covered, and past-due accounts are liquidated.

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## How You Can Help

# You Must Use Less Gasoline

SINCE my appointment as Oil Controller for Canada, I have been asked on many occasions: Is there to be rationing of gasoline?

This question cannot be answered in a word as no one can say how long the war will last and to what extent the citizens of Canada may be asked or required to forego the use of commodities which now seem essential in the activities of every day life. Every one is aware that the productive achievements of the Axis powers have been based on drastic personal sacrifices of the citizens of the countries concerned and it follows that the progress of democracies towards victory must also be founded in personal sacrifice. I confidently believe that free people will make the necessary sacrifices voluntarily if shown the way.

There is no question about the necessity for eliminating waste in everything we do. National and individual assets must be conserved, money must be saved and it is vital that all possible economies be made which will free foreign exchange for direct use in providing the sinews of war.

### All Should Co-operate

Undoubtedly every Canadian wishes to contribute his or her part towards the winning of the war and will to that end render voluntary co-operation or accept restrictions cheerfully. Rationing of gasoline may be deferred and might even be avoided should whole-hearted co-operation be given to voluntarily prevent selfish and wasteful use of that commodity.

A great and worthy contribution to the common cause of winning the war might be made by Canadian motorists through voluntarily restricting unnecessary use of gasoline. Driving motor cars for pleasure only should be discontinued, particularly on Sundays, and, in most cases, the business man can find a method of reaching his office and returning to his home which does not involve the use of his private motor car. Statistics show that private motor cars proceeding from residences to places of business carry less than one and one-quarter passengers each. If it be not practicable to use other available methods of transportation, co-operation between motorists residing in the same locality could leave three out of four cars in the garage each day. Should pleasure driving be eliminated together with other wasteful uses of private vehicles, a very substantial saving in the consumption of gasoline would be effected, and the life of the privately-owned motor car prolonged at a time when replacement should be considered extravagance.

### Co-operation or Restriction

Furthermore, all citizens might co-operate, whether they are motorists or not, by planning to purchase household and other commodities with a view to reducing the cost of delivery. Organization and co-operation might well enable department stores and others to satisfy their customers by one delivery a day.

I have pointed out primary ways in which every one can co-operate towards eliminating unnecessary use of gasoline. It remains to be seen whether or not the citizens of this Country are willing to co-operate or whether restrictions may have to be imposed.

The thousands of service stations, roadside and curb pump outlets in operation in Canada today are in existence largely to service the privately-owned car. The army of attendants operating these service stations are employed to a large extent in the servicing of private and pleasure cars and many of the men so employed should be engaged in war effort. The garage attendant, if not a mechanic, is a potential mechanic. While the private car is very much a part of the life of all Canadians, excessive use of it for mere pleasure results in waste that should and can be avoided.

BY G. R. COTTRELLE

Oil Controller

According to the latest available figures, Canada ranked fifth in 1939, as compared with other countries, in the total oil consumption, and second in per capita consumption. The United States alone had a greater per capita consumption. Only the United States, Great Britain, Soviet Russia and Germany ranked ahead of Canada in total consumption.

### Supply War Needs

The United States owns 60% of the world's known reserves of crude petroleum. On the other hand, the known reserves of Canada equal only

2 1/2 of 1% of the total.

On the basis of imports for the year ended 30th June 1940, 85% of Canada's consumption (measured in terms of barrels of crude) had to be imported into the country. Having regard to the per capita consumption, it can readily be realized what this importation has meant in the way of a strain on our supply of Foreign Exchange.

Great quantities of petroleum products are needed for the modern war machine, for our aeroplanes, the thousands of army trucks, the ships of the Royal Navy, the Canadian Navy, the Merchant Marine, and to keep the wheels turning in our armament factories. To supply the requirements of our war activities is our first and vital responsibility.

## "We Shall Not Fail Mankind"

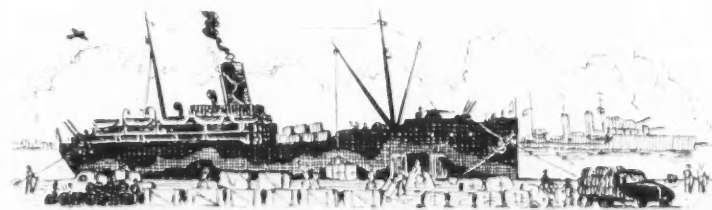
—Winston Churchill  
Glasgow, Jan. 17th



Canada reaches deep into her vast reserve of materials and her strength in man power, industry and creative genius to aid Great Britain and to make the world safe, once again, for "decent" people.

Canada Wire pays tribute to its staff, the men and women of their organization who are so generously contributing their share in time and effort to the cause of the Empire and Canada. Their work, their ingenuity is evidenced in every branch of the Navy, Army and Air Force.

For many months now, our plants have been in operation throughout the day and night. Our staff and facilities, steadfastly maintaining the highest standards of efficiency, are ready and fully capable of meeting the demands of today, and those of tomorrow.



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## How You Can Help

## Mines Sustain War Effort

CANADA'S all-important mining industry should have the understanding and support of every worker in the national war effort.

It has been said that the mining industry was the savior of the country during the Great Depression. Now, on the heels of that depression, it is playing no less vital a part in war.

Gold produced in Canada is one of the chief factors in providing the Empire with essential foreign exchange for the purchase of planes, ships, guns and a host of other necessities, without which the war could scarcely be continued.

No less important, the base metals coming from Canada's mines make possible the production by Britain, Canada and other Empire countries themselves of the largest part of their munitions of war, thus diminishing their dependence on outside sources and making for the conservation of foreign exchange.

While the continued and rapid growth of the Canadian mining industry has been based upon the supplying of peacetime needs, the strength and resources of the industry are such as truly to establish Canada as the arsenal of Empire. The mining industry entered this war at the peak of its development to date.

This is not only a much more mechanized war than the last, but each month that passes sees the trend toward mechanization carried further, until production of the varied and complicated war machines of today is limited only by manufacturing capacity and the supply of materials. The basic raw materials in question are very largely products of the mining and metallurgical industries.

In 1939, a year which included four months of war, the Dominion's total mineral output was valued at \$473,107,000, an all-time peak. Of this total, copper, nickel, lead and zinc provided 29 per cent; the precious metals, including gold, silver and the platinum group 43 per cent; the fuels, including coal, petroleum and natural gas 15 per cent, and asbestos 3 per cent. These eleven products, representing 90 per cent of the total production, are all of the highest importance in any war economy. The remaining 10 per cent included substantial values represented in many of the thirty-five other minerals produced—several of great importance in war industries—also over \$34,000,000 worth of clay products, cement, lime, stone, gravel and sand.

BY P. M. RICHARDS

Financial Editor, Saturday Night

played by Canadian industry generally. "It is pleasing to be able to record that the Canadian base metal producing industry was foremost in volunteering that co-operation. Early in the conflict, only a few days after the war broke out, a group involv-

ing the largest of the Canadian metal mines agreed to a plan which entailed a considerable sacrifice of legitimate profit, the relinquishment of the opportunity to take advantage of any increases which might normally be expected in the prices of metal products in a world at war, and offered to sell to the British Government copper, lead and zinc at quotations below those ruling on

the world market. The offer was gratefully and quickly accepted. Not only was there an immediate and visible advantage, from the viewpoint of the buyer, in the contracts which resulted; there was offered an example which was immediately followed by other producers of metals. Further, the plan was extended to other industries, to the enormous advantage of the central purchasing authorities upon whose shoulders rested the responsibility for the successful and economical conduct of the war. Since the original metal contracts were entered into, production has been substantially increased and Canadian pro-

ducers of copper, lead and zinc are now shipping more than one billion pounds of these metals annually to England."

The co-operation of mine labor as well as mine management is making it possible for Canada thus to supply the Empire and the cause of world freedom with the vital sinews of war. The Hon. Mr. Crerar has said that each mucker, driller, hoistman, mill-worker, foreman and manager is in effect a soldier on non-combatant duty. Canada's miners are not only working hard to maintain and increase production but are also relatively large purchasers of War Savings Certificates.

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*Yes!* **EVERY CANADIAN FAMILY**  
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Lend your money to Canada for 7½ years. At the end of that time your investment will have increased twenty-five per cent, which represents interest at 3% compounded half yearly.

The following table represents an average basis of saving. These figures are only illustrative, as the amount of saving which is possible will vary according to each individual's family and other economic circumstances.

Earnings Per Week	Savings Per Week	Maturity Values of Annual Purchases
Up to \$20	25¢ to \$1.00	\$ 15 to \$ 65
Over \$20 to \$30	\$1.25 to \$2.50	\$ 80 to \$130
Over \$30 to \$40	\$2.25 to \$3.50	\$145 to \$225
Over \$40	\$3.75 to \$9.25	\$245 to \$600

May be redeemed at option of registered owner, after six months from date of issue at an established scale of values.

**FEBRUARY IS  
WAR SAVINGS PLEDGE MONTH**

"THIS TIME we are ALL in the front line."—H.M. THE KING.

FALL IN! The line is forming. Close the ranks. Answer His Majesty's call. Every man, woman and child in Canada has a duty to perform. Some will fight. You, too, have a job to do. It may demand sacrifice. You are called on to help furnish the munitions needed to win the war . . . guns and tanks for the army . . . planes for the air force . . . ships for the navy and merchant marine. Guns and tanks and planes and ships cost money. You are not asked to give—you are only asked to LEND your money. This is something you can do . . . something you *must* do.

There is only one place to get the money Canada needs to win this war—from the people of Canada. A large part will come from business firms and people with large incomes. They will pay high taxes and buy heavily of War Loan Bonds. But more money is needed . . . a great deal more. \$10,000,000 a month is expected from men, women and children who invest in War Savings Certificates.

Work hard. Earn more. Save all you can and lend your savings to Canada. BUY WAR SAVINGS CERTIFICATES. Budget to buy them regularly. Buy them every week . . . every month . . . as long as the war lasts. You will be forming a good habit . . . the saving habit . . . a habit that will benefit you when victory is won. You will be doing a *real* job in helping to win the war.

*Buy* **WAR SAVINGS CERTIFICATES**  
*regularly!*

## New Peak in 1940

The Hon. T. A. Crerar, Dominion Minister of Mines and Resources, has stated that though production figures for the more important war metals are no longer available for publication in wartime, it is no secret that the producers of these metals are operating as never before. The figures for other leading items of Canada's mineral production so far made available show substantial increases over the corresponding periods of 1939. The year 1940 is thus indicated as another record year in mineral production, with the certainty, Mr. Crerar stated, that the total output value will exceed \$500,000,000 by a comfortable margin.

As regards the outlook for gold production in 1941, the situation is that gold ore is now being mined and milled in Canada at the rate of about 20,000,000 tons per year. With increased production of the base metals, the recoveries of by-product gold should show corresponding increases. The placer operations of Yukon and British Columbia are also contributing substantial values in gold.

That mine operators, in bringing about this substantial increase in production, are by no means actuated solely by the desire for profit is evidenced by a recent statement by G. C. Bateman, Canada's wartime Metals Controller. Said Mr. Bateman, after referring to the spirit of co-operation in the war effort dis-



## How You Can Help

## Steel—Armaments' Backbone

STEEL is the very backbone of the armaments industry. Without it, there could be no guns, no shells, no tanks, no battleships, no aircraft.

The success of the vast munitions program now underway in the Dominion of Canada is dependent upon adequate supplies of steel. The importance of our contribution to the Empire war effort is measurable in terms of steel.

We estimate that total steel requirements of Canada, for our war industries and to meet urgent domestic needs, will be in the neighborhood of 3.1 million long tons. The present rated production capacity of the Canadian steel industry is about 2.1 million tons.

## Must be Diverted

Steps have been taken to augment the Canadian output of steel, and arrangements have been concluded for the importation of some hundreds of thousands tons of scrap from the United States, but it is apparent that an increasing proportion of steel must be diverted from civil to defence purposes this year. As an initial move in this direction, Canadian mills have been instructed to reduce by virtually 75 per cent the number of standard steel shapes rolled for the structural steel fabricating industry. Mill operators and steel fabricators were consulted, and we acted upon the recommendation of the Canadian Institute of Steel Construction in designating 70 standard structural shapes best suited to modern needs.

By reducing the number of standard shapes from 267 to 70, our rolling

BY H. D. SCULLY

*Steel Controller for the Dept. of Munitions and Supply, Chairman of the Wartime Industries Control Board*

mills have been able to boost their production. Delays caused by frequent changes in the type of product rolled have been eliminated and rolling capacity has been brought nearer to the melting capacity of the furnaces. With fewer shapes being made, less steel is being tied up in stocks not required for immediate use.

We are now working out plans for the simplification of steel shapes and products in other industries. Manufacturers have been advised to find substitutes for steel in products which are not required for war needs, and at the same time industry has been warned that no excess purchasing or over-stocking will be tolerated.

## Wood Instead of Metal

Steel has been conserved in the construction of defence projects by the employment, where possible, of wood instead of metal. The action taken to "freeze" existing models of motor cars, refrigerators, and all types of equipment, together with the measures to employ to capacity existing machine tools, will not be without their effect on the demand for steel in Canada.

The bottlenecks in the steel industry have been acute only in certain products for which the demand has exceeded the rolling capacity. These bottlenecks may vary from time to time, according to the current de-

mand for steel rolled in particular forms.

But there is an overall shortage in terms of primary steel and while steps have been taken to increase production which will relieve this condition to some extent, conservation is necessary by the use of other materials where satisfactory substitutes can be found, and by discontinuance of the use of steel for non-essentials. Erection of additional furnaces is already underway at two of the existing mills to increase their output, and rolling equipment is being added for the production of wider plate than has been rolled previously.

## Saving Exchange

Large quantities of steel scrap will be required for the production of steel at the high current and prospective rates. It is desirable that this should be drawn from districts in Canada where costs render transportation economically feasible, in order to save exchange involved when scrap is imported.

In the light of information now available, we have gone as far as appears wise in augmenting the domestic sources of supply. Our further needs can be met only by imports—but there are limits to the amount we may purchase—and by measures designed to divert more and more steel from normal peacetime uses to more vital needs. We hope to have the wholehearted co-operation of the people of Canada in the conservation of steel. Sacrifices will be necessary upon the part of manufacturers and upon the part of consumers, but we feel confident they will not shrink from them.



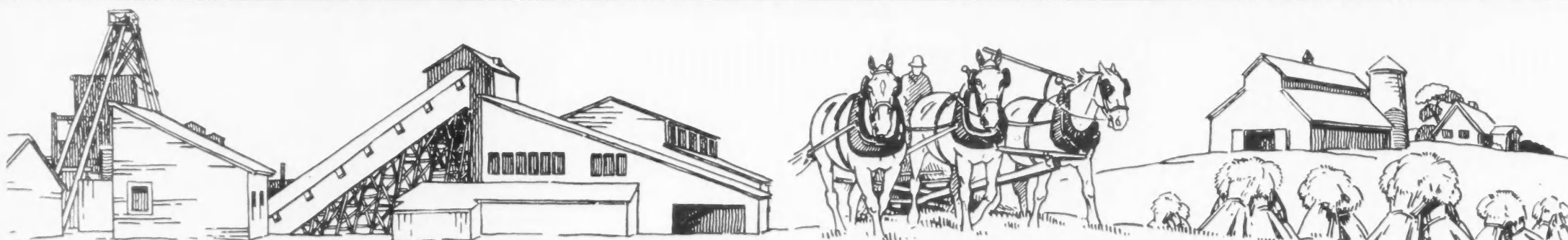
"Where do you bank?"

"The Bank of Toronto—I like the friendly atmosphere and their viewpoint on banker-client relationship, which make it easy to discuss financial matters with them."

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## Keep Going Canada!



At a time when every resource of the British Empire is of vital importance in the struggle for human rights, for freedom, for democracy, the tremendous natural resources of Canada are destined to prove a decisive factor in the ultimate victory and, in the bringing of these resources to the aid of Britain, every Canadian can have a part.

In the development to date of their heritage of natural resources, Canadians have proven themselves a strong, virile race, capable of opening up a new land and building a homeland which is the envy of many other nations and peoples in the world today.

Canada now stands as one of the world's greatest granaries, a treasure chest of precious and base metals, and lumber.

Canada is the logical source of food and other supplies for Great Britain and should occupy an ever-increasing importance in Empire activities.

In the various branches of active service, Canadian youth has answered Britain's call but it is essential that every citizen of Canada should work to help production of the Empire's needs.

The gold mining industry realizes the importance of its products in making purchases in the World's markets and every effort should be, and is being, expended to increase output at this time that it may help the British Empire maintain the purchasing power she has always enjoyed. The recognition by our Government of gold mining as a means of helping to win the war and of maintaining our economic structure is one of the brighter spots on the horizon.

*John E. Hammell*

John E. Hammell



## How You Can Help

## Eliminate Waste

BY MAURICE SAMSON

*Hides and Leather Administrator*

THE conduct of business and personal affairs in time of war should be directed to the elimination of waste and the increase in the efficiency of our economy in the production of goods and services for military and civilian needs.

The direction of our economy to secure the highest possible output of essential requirements necessitates the co-operation of business men in providing information on which intelligent governmental action can be based. I am pleased to say that I have had the fullest measure of co-operation and assistance from the tanning and meat packing industries and from dealers, manufacturers and retailers in all inquiries which have been made regarding the trade in

hides, leather or shoes. The co-operation of business men in this regard has greatly facilitated my work as Hides and Leather Administrator and provided both background and current information which will be of great assistance in the future.

It has been well said that we can't have business as usual in this period of crisis. This is true, but at the same time there are many usual and normal business activities which should not be abandoned. Business men should, as far as possible, maintain normal purchasing and sales methods, and, in fact, make every effort to reduce the seasonal peaks and hollows which occur in peacetime. There should be an avoidance

of policies which have any tendency to induce unnecessary buying or unwarranted price increases. The necessity of conserving foreign exchange as far as possible should lead both business men and consumers to secure the fullest possible utilization of domestic products. The public should be led as far as possible to purchase standard lines rather than luxury products.

Although the civilian consumption of leather products may be stimulated because of expanding employment, business men should avoid undue expansion of their businesses and should maintain the most careful control over their expenses. Post-war adjustments are inevitable and they will be most easily met by those who conserve their resources.

Retail merchants who are located in or near defence centres will probably experience increases in their trade. It need scarcely be said that distributors should avoid the possibility of any criticism that they are seeking to take advantage of conditions created by the war to advance prices or secure enhanced profits.

The increases in the prices of raw

and semi-finished materials for the leather trades have generally been moderate in extent and have resulted from increases in taxation or advances on world markets. There are no present indications of changes

which would warrant any considerable advance in the prices of leather products. The maintenance of reasonable prices requires reasonable conduct on the part of business, labor and consumers.

## ADVICE TO AMERICAN HOUSEWIVES

IF YOU should find a burglar climbing down from your verandah,  
A pistol in his hand and all your jewels in his poke,  
He's probably a clever bit of British propaganda.  
Tell him he's a figment and he'll disappear in smoke.

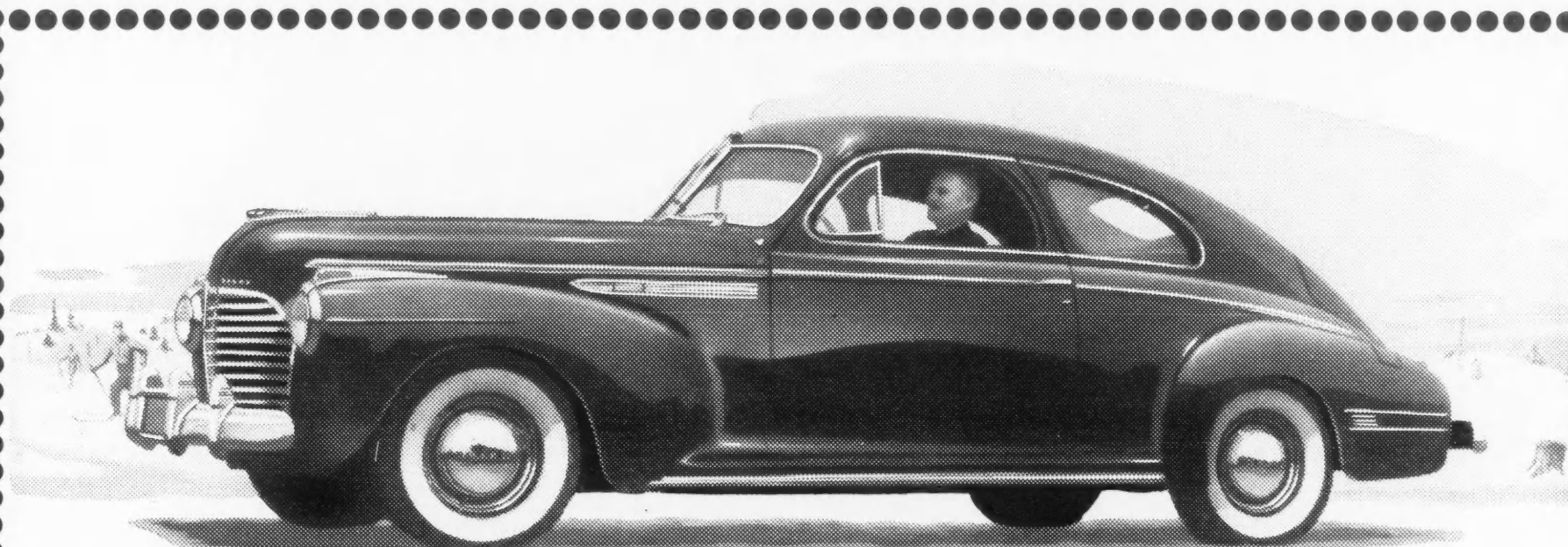
If your doctor tries to tell you that he's feeling very nervous  
Of an epidemic threatening your family and friends,  
He's probably an agent of the British secret service.  
How devious his conduct and how sinister his ends!

If you should hear a clergyman expressing the opinion  
That certain things are not so bad, while other things are ill,  
He may be sent by Canada, that crafty-eyed Dominion,  
To undermine your stamina and perforate your will.

A fief for the foreigner who cannot understand  
That what is inconvenient is unreal and absurd.  
Be like the ostrich who must be, by virtue of the sand,  
A hear-no-evil, see-no-evil, speak-no-evil bird.

West Vancouver, B.C.

DAVID BROOK



The McLaughlin-Buick Century Sedan.

## Some folks still can't believe their eyes

GOING over Buick dealers' reports on our 1941 models, we find an unusual thing happening.

Time and again cars come in for the usual inspections with an extra note of instructions—"Please check the gas gauge needle."

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But even after hundreds of miles, people mistrust their eyes when they see the snail-like pace from the Full mark toward Empty—they don't see how it's possible for a car as big as Buick to go so far on so little.

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Maybe that's why people still hesitate to believe their own eyes.

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# THE HITLER WAR

## Air Power in the Mediterranean

BY WILLSON WOODSIDE

In the Eastern Mediterranean, therefore, we have established a position which it would be very difficult for the Germans to break. Study of the map (*National Geographic* supplement, May, 1940) will show how, with the new bases which we shall soon have in Cyrenaica, we hold a line across the Eastern Mediterranean through Crete to Greece. Alternatively, if Greece were lost, we hold an arc through Cyrenaica, Crete and Cyprus. The one step needed to clinch this position is the elimination of the Dodecanese, and this will probably be tackled as soon as the Cyrenaican affair has been cleaned up. The possibility of Axis penetration of Syria has become more and more remote.

### Closing the Narrows

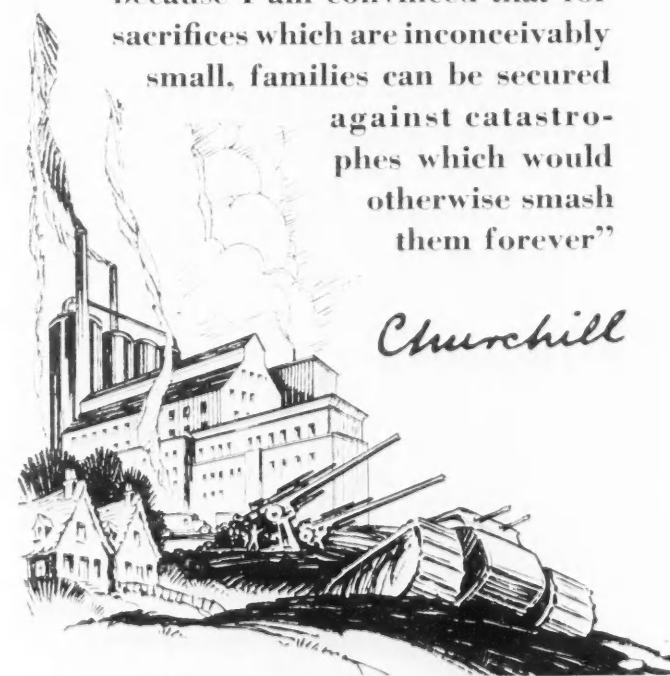
One has only to look back to last September and October, when Syria was a live question, when Laval had consented to throw Vichy's bases, fleet and resources into the war

against us, when the Germans moved a large army into the Balkans and there appeared a possibility that Stalin might partition Turkey with them, and when Italy still disposed of her full power on land, sea and in the air, to realize how immensely our position in the Eastern Mediterranean has been strengthened since then. Should the Germans succeed in effectively closing the Central Mediterranean, all arrangements to supply and reinforce this front from India and Australia, where arms production is expanding rapidly, and from Britain by way of the Cape of Good Hope, were made long before Italy entered the war. Most of the supplies and new equipment and I believe all of the troops which have gone out from Britain to the Middle East since last summer have gone around this way. Some supply convoys such as the recent one to Greece have, however, taken the short way through the Mediterranean, and Italy's failure held out the prospect of increasing safety for this route, and perhaps the re-opening of the Mediterranean to normal trade. It



..... I would write the word 'Insurance' over the door of every cottage and upon the blotting book of every public man, because I am convinced that for sacrifices which are inconceivably small, families can be secured against catastrophes which would otherwise smash them forever"

Churchill



ASSURES SECURITY FOR OVER ONE MILLION PARTNERS

**SUN LIFE of CANADA**

THE appearance of German dive-bombers and their determined pilots in the Mediterranean marks a new phase in the war there. We had been having rather too easy a time with the Italians. Now the struggle takes on the grim character generally predicted for these narrow seas before the war broke out.

The Germans have unerringly selected the weakest joint in our Mediterranean position for their opening attack. Along the entire 1800-mile stretch between Gibraltar and Crete—such is the effect of the French collapse—we have only tiny Malta and the minute, movable islands represented by our aircraft-carriers, as air bases. Against the Italians these have served us very well, and even if the *Illustrations* were now resting on the bottom it would have paid for itself twice over by the job it did at Taranto.

If the German *Luftwaffe* had been established in all these places at the beginning, I don't suppose we would have been able to crowd it out as we have the Italian *Regia Aeronautica*. But now that we are pretty solidly established in Crete, have lamed the Dodecanese bases and taken complete air mastery over Eastern Libya, I don't think that the Germans can crowd us out. They could fight us on better than even terms in Albania, and possibly drive us right out of that country and Northwestern Greece with the weight of air power they could mass on the Italian mainland opposite and the bases they still possess in Northern Albania. From the communiqués I judge that we have only a couple of squadrons of *Gladiator* fighters, moved over from Egypt where they have been replaced by *Hurricanes*, and a squadron or two of *Blenheim* medium bombers operating on this front, with the support of our heavy, long-range bombers in Crete. The old *Gladiators* have done magnificently—the last score I saw was something like 43 to 2 for one squadron—but what could they do if the Germans moved in some *Messerschmitts*? In time we might counter these with *Hurricanes*, but it is a vastly easier affair for the Germans to shift fighters to this front than for us to do. As things stand at present we would have to ship them all the way around Africa. So that if they wanted to make the effort I believe the Germans could drive us away from this front.

### In the Dodecanese

It would require a much greater effort, however, for them to establish an effective base in the Dodecanese Islands. They could fly long-range fighters and bombers in (though *Stukas* could hardly make the trip), but with our naval and air bases in Crete and Greece standing squarely between the Dodecanese and Italy, the supply situation in the islands would strictly limit operations. Here there is no doubt we could meet them to advantage. To exploit the Dodecanese the Germans would first have to conquer Greece and open up the Corinth Canal supply route from Italy.

In Cyrenaica, or Eastern Libya, it can now be definitely said that it is too late for the Germans to intervene. In recent weeks the R.A.F. has asserted complete mastery over the air here. It is moving its bases steadily forward as the army advances, and would certainly never let the Germans get a foothold. And here the bringing in of spare parts and engines, workshop equipment, ground personnel, bombs, ammunition and fuel by sea, though not as difficult as in the Dodecanese, would still be an uncertain and expensive business. In Tripoli the Germans could establish themselves more easily, but the supply situation would be precarious even here, and they would hardly be any closer to the fighting front in Cyrenaica than they would be operating from Sicily.



is obvious how much greater activity in this region Britain could supply by this three-times-shorter route. And I think that the prime German purpose in trying to close the Central Mediterranean Narrows is to throttle down the action which Britain could undertake, say, in the Balkans. Though it is offensive enough in its intention to sink as many British naval units as possible (it is said that Hitler has promised the highest honors to any aviator who will get him a battleship or an aircraft-carrier) and to smash Malta, the German move appears primarily a defensive one, intended to protect the German rear from any British-organized Balkan offensive.

#### Greatest Possible Economy

It also seems apparent that, since only old model Junkers dive-bombers, which have long since been withdrawn from the Battle of Britain, have been seen in action in the Mediterranean, the Germans hoped to effect this strategic move with the greatest possible economy. This hope must have already been severely jolted. The Ju 87, or Stuka, with its 240-mile-an-hour top speed and its single machine-gun—or about 100 to 150 miles an hour and seven guns less than our Hurricanes and Spitfires—has proven a "sitting bird" for our fighter pilots over Britain, the Channel and the Thames estuary. It is also proving so for our Hurricane pilots at Malta. The score was 10 to 2 last Saturday and 19 to 1 on Sunday, and ought to improve as our men gain practice. Will the fighter protection which the Italians are supposed to be providing prove adequate? It looks as though, if the Germans are to master Malta, they will have to bring down fighters of their own to engage our Hurricanes and leave the Stukas free to work on the airfields and the harbor. And if they are going to maintain secure bases in Sicily they will have to bring down night fighters to engage the British bombers which have been punishing these aerodromes, destroying or damaging 30 to 40 Stukas at Catania in a single raid. Finally, the Germans will need long-range bombers to hit back at the British bases and check our attacks at their source. In other words, to "muscle in" effectively down here, now that we have had time to get pretty firmly established, is going to add up to a sizeable diversion of German air strength from the Battle of Britain.

#### The "Illustrious" Battle

If Hitler cares to divert such strength he can probably put Malta out of business as a useful British base and half-way house (and I suppose the Germans and Italians would ultimately attempt to seize it), and make the passage of the Sicilian Channel too expensive for our warships and convoys. I say "too expensive" advisedly, because I doubt if this one experience is going to prevent our Navy from ever again trying to pass the Narrows. It has to be recognized that there was a good deal of luck on the German side, in hitting the flight-deck of the *Illustrious* with one of the first of the hundred 1000-pound bombs which they aimed at it. This prevented her from putting enough fighters in the air to clear the dive-bombers away from the whole convoy. The Fleet Air Arm has a fighter which will do the job all right, the new Fairey *Fulmar*, an 8-gun machine which will do just under 300 miles an hour. The *Illustrious* appears only to have got a few fighters into the air, and though these gave the convoy a breathing spell, they must have had to make for Malta within a couple of hours, before they ran out of gas. Viewed as a life-and-death struggle our ships put up a wonderful show, and especially the *Illustrious* with her great, flat 94 by 800-foot flight deck presenting a "barn-door" target to the crack Nazi dive-bombing pilots. In the most severe test of warship against bomber ever yet staged, the design, construction and handling of our new aircraft-carriers have been proven superb. But as a convoy operation this affair, in which the fine 9100-ton cruiser *Southampton* (technically a "light" cruiser because she carried 6-inch and not 8-inch guns) became a total

loss through fire, the destroyer *Galant* was badly damaged by mine or torpedo and the brand-new and almost indispensable *Illustrious* was put out of the war for months (if she can be gotten safely away from Malta at all) was far too expensive to bear repeating often.

What we need to defend our naval squadrons and convoys passing through the Mediterranean Narrows is the constant protection of shore-based aircraft, such as our convoys get while passing through the Straits of Dover. The map shows where those bases would have to be located: in Tunisia. We had them during the first part of the war, but the moment we needed them we lost them. We have not heard the last of these bases, and it is likely that before many months are past either the Germans or ourselves will be using them. It will make a great difference to our position in the Mediterranean which one it is. If Hitler, who has sought vigorously since October to force Vichy to give him the use of bases not only here but further along the coast towards Gib-

raltar and down to Dakar, as well as in Syria, gets them, the Sicilian Channel can be as effectively closed to us as was the Skagerrak, once the Germans were established on both shores. If, on the other hand, Hitler mishandles Pétain and Weygand comes in with us, our air power could dispute the control of the Narrows warmly with the Germans in Sicily, and give continuous air protection to our passing ships.

To sum up: it looks as though the Germans would have to divert to the Mediterranean greater forces than they have yet done, to seriously challenge our position, especially in the Eastern end. But do they want to divert such forces from the Battle of Britain, which must for them be the decisive battle? And will we allow them to do it? We have long been accustomed to wondering where Hitler would shift the fighting next, so as to take us at a disadvantage. But now we are at last in a position where, with our growing day and night offensive over German-held Western Europe, we can dictate where Hitler must fight.

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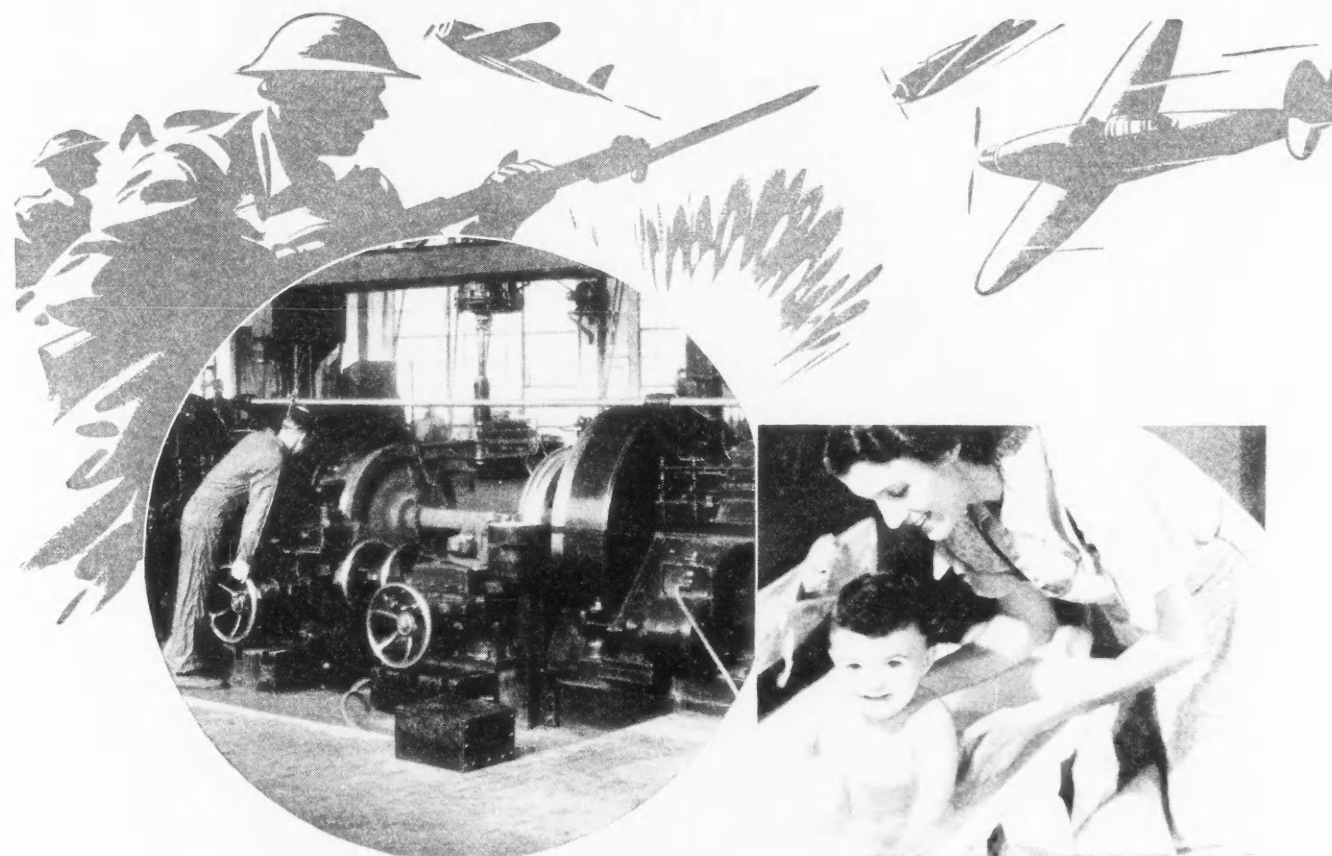
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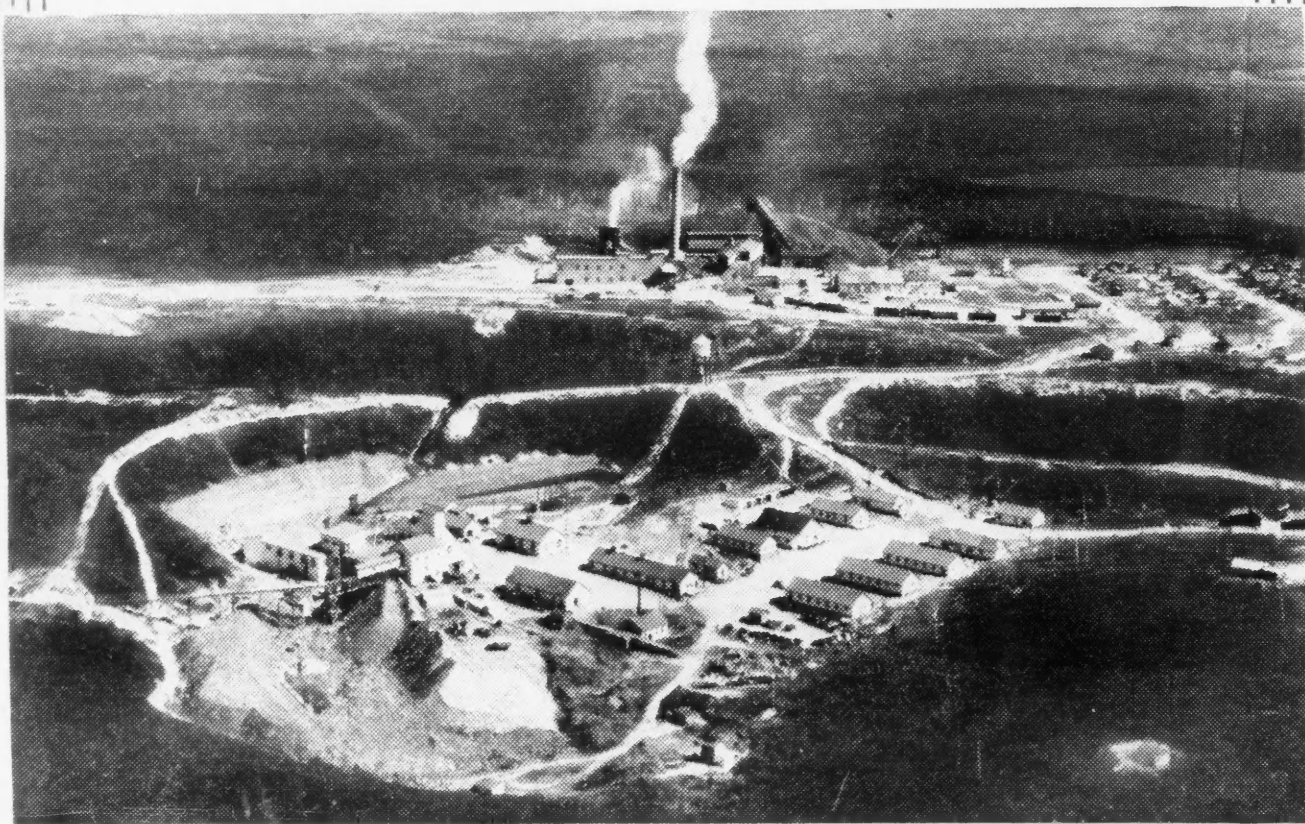
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## WEEK TO WEEK

### All Honorable Men

BY B. K. SANDWELL

*This was the introductory portion of an address delivered to the Canadian Club and Women's Canadian Club of Montreal, at the Windsor Hotel, on the day after Ontario walked out of the Dominion-Provincial Conference.*

CIRCUMSTANCES have changed, Mr. President and Madam President, since I accepted the invitation to address your Clubs some weeks ago. The mission which I have to perform today is not that which I hoped to perform. I come to bury the Sirois Report, not to praise it. I am no orator as Hepburn is. I am a plain blunt man that loves his British North America Act and had great hope of seeing it rejuvenated in this year of grace of 1941 with a fresh instalment of the spirit of Confederation, the spirit of 1867. That hope has been disappointed, by the actions of three delegations of honorable men, who say that the Dominion Government is ambitious. It must be so, for they are honorable men.

Ah, yes, Mr. President, that is the exact trouble. They are all Honorable men. They are all the Honorable Mr. This or the Honorable Mr. That, in virtue of their office. They are all members of provincial Governments, whose power must be diminished if the power of the Dominion Government is to be increased. And they are all convinced that the power of the Dominion Government must not be increased.

I wonder, Mr. President, whether the average citizen of Ontario, or of Alberta, or of British Columbia, who is not the Hon. Mr. This or the Hon. Mr. That of the provincial Government, feels as strongly as these honorable gentlemen that the power of the Dominion Government must not be increased.

He, the average citizen, does not have any of his powers decreased by the increasing of the powers of the Dominion Government. He is both a citizen of Canada and a citizen of Alberta. If we decrease his power as a citizen of Alberta we increase his power as a citizen of Canada. I wonder, Mr. President, whether this average citizen of Alberta does not value himself and respect himself more highly in his capacity as a citizen of Canada, than he does in his capacity as a citizen of Alberta. I know that I value myself much more highly in my capacity as a citizen of Canada than I do in my capacity as a citizen of Ontario.

#### Amendment Procedure

And I wonder also, Mr. President, whether the lesson of yesterday does not mean precisely this, that we now face the necessity of devising some system whereby the amending of the constitution of Canada can be made to depend upon the will of the people of the various provinces rather than upon the will of the office-holders of their provincial Governments. There is good precedent in our own Canadian history which leads us to conclude that it is impossible to induce the Governments, the men in office, in any province to vote themselves out of any power which they happen to possess.

The Fathers of Confederation, Mr. President, the Men of '67, wanted the power of the Dominion Government to be very considerably greater than they were able to make it when they drafted the British North America Act. The Fathers too relied upon the Governments of the provinces to perform an act of self-abnegation, to dispossess themselves of certain of the powers assigned to them, and to do so in the interests of national unity and national efficiency. And in this expectation the Fathers were completely disappointed. In all the seventy-three years since Confederation no provincial Government has ever voluntarily dispossessed itself of anything. It is

not in the nature of the human animal, the political animal, to do anything of the kind.

The Fathers of Confederation knew that they had to confer on the provinces, at the time of Confederation, jurisdiction over that tremendous field of subject-matter, "property and civil rights." They knew that that jurisdiction must in the case of the province of Quebec be made perpetual, because the province of Quebec must be assured in perpetuity of the maintenance of its peculiar system of French civil law. But they knew also that property and civil rights is essentially a field for the national authority; and they therefore inserted a clause in the British North America Act, providing that whenever any province should pass a law dispossessing itself of any portion of its authority over property and civil rights that portion of authority should pass to the Dominion Parliament and remain there for ever. It was their hope that with the sole exception of the province of Quebec all the provinces of Canada would in time dispossess themselves of all control over property and civil rights so that a national authority could deal uniformly with that subject for all the non-French provinces. Not a single province has ever made a single gesture towards the realization of that hope. No body of politicians, already enjoying so important a power as that, can ever be expected voluntarily to turn over that power to another body of politicians. No Opposition, expecting some day to be in power in the province, would dream of criticising the Government actually in power for not doing so.

#### Provincial Veto

The meaning of the events of yesterday is that Canada can no longer continue to get along with a system under which in effect the Governments of one or two provinces have it in their power to veto any proposed amendment of the Canadian Constitution no matter what may be the feelings of the people of the provinces about it. We must set ourselves to the devising of a rational system for the amendment of the constitution, and we must enact that system into our own constitutional law. We do not know, and the behavior of the three provincial Governments has done nothing to help us to know, what would have been the opinion of the people of Canada, or even of these three provinces, upon the question whether the Sirois Report, or something in its main lines resembling it, should be adopted. The action of these three provincial Governments has made it of no consequence what the people think. If the people are really against the Report, there is no more to be said. But there is no evidence that they are, even in Ontario and Alberta and British Columbia.

The men who wield power in the comfortably-situated provinces, and who think that their provinces are going to be able to get along fairly well without any readjustment of financial powers, are against it, as it is natural that they should be. But I do not think that these men will be permitted to have a final veto upon a subject which should only be finally vetoed by the will of the people. I think that the main matter of the Sirois Report is by no means finally disposed of by yesterday's proceedings. I hope that you will study it just as carefully as if Mr. Hepburn had not walked out of the Conference, and will study it in the spirit of a Canadian who feels that no Canadian, even in the parts of Canada remotest from his own, even speaking a different language and perhaps belonging to a different religious faith, is anything but his fellow-citizen, whose welfare he should have as much at heart as that of the man next door.



## How You Can Help

## A Balanced Effort

BY A. J. HILLS

Chairman, National Labor Supply Council

TO VENTURE to direct the minds of individuals and communities to what could and should be done to co-operate with the Government beyond what is now being done requires a premise of knowledge which would vary so greatly that to be helpful it is necessary to limit the field: accordingly these thoughts are addressed to a section of the public considered to be interested in improving the relationships between employer and employee.

In an article on management Henry S. Dennison refers to factors in modern days which have made it necessary to an "overwhelming" degree to study the process of government. I want to use his language with reference to two of these factors as I think they should be kept before those to whom these thoughts are addressed in the present circumstances.

I think it is very desirable that notwithstanding all pressure of other objectives there should be recognition of the necessity for the following: "growth, intensive and extensive, of the deeply grounded social idea that the final purpose of all government must somehow include the satisfactions of all the people rather than the satisfactions of a god, a dynasty, or a small ruling group;" and "the growth of an underlying demand for more general security, even at the cost of some reduction in the rate of progress in material well being."

There has of course been much progress made along these lines but I believe it is proper to keep these two factors in mind in the present circumstances.

In Germany the Gestapo and the Bureaucracy have taken the place of the Aristocracy and that is certainly not what we want here.

Therefore when there is criticism that the Government hasn't done this or should do that there seems to me to be some satisfaction to be had in the fact that what has been accomplished to date—and that is a very great deal—has been done with an extraordinarily small amount of regimentation. It will probably be conceded that the less interference there is with the conduct of industrial operation the better.

There has been very little labor trouble and there should be less as both labor and industry understand how well having regard to the gravity of the situation their rights are being recognized in the manner in which labor questions are being dealt with by the agencies set up by the Government to handle these problems.

As Mr. Dennison points out: "Many of the measures of a government must, of necessity, be negations and prohibitions." In war time, especially in a country which has experienced peace for a long time and yet which is deeply interested and concerned to the extent of full participation in a war being conducted at a great distance, in so far as active action is concerned, it becomes necessary for a government to lead public opinion beyond the 'beliefs, theories, prejudices, or superstitions with which people have become indoctrinated early in life and which have therefore gained the strength of habit'.

The desirableness of the Government not taking too great a part in business or not interfering in certain phases of business has been a conception backed by public opinion—but so has peace and due to circumstances we have had to abandon the idea of peace—at least for a while, and we may have to abandon some of our preconceived ideas as to the conduct of industry because of the Government's greater interest in industry due to the war, but up to date there has been little disturbance and as long as desirable results can be obtained by such methods we as citizens of a democracy should be glad that it is so.

Let us then who are interested in keeping the wheels of industry running smoothly keep these thoughts before us, 'the satisfactions of all the people' and 'more general security', noting carefully the words which are italicized.

Occupying a position in which I am by Order-in-Council 'impartial', the necessity of steering a proper course between industry on the one hand and labor on the other must be constantly kept in my mind. In putting forward these suggestions I hope they may be helpful to both employers and employees.

## Kilowatts for War

BY H. J. SYMINGTON

Power Controller

NO CONTROLLER likes to control or issue orders. No Controller can effectively accomplish his job if the public are not in sympathy with his efforts. The Wartime Control Board meets and gets the best information possible as to the requirements in order to guide the Controllers' decisions. No Controller will interfere with anybody's business or comfort or way of living unless stern facts require it. If the citizens accept these premises there will be no difficulty. It should, therefore, be brought home to the citizens that any inconvenience that is required of them is part of their contribution to the war effort necessary by all hands if this war is to be won.

The demand for power has grown by leaps and bounds and is still growing. The type of war industry on which England is wholly dependent on this country is the type which eats up kilowatts and there can be no falling down. Many hundreds of thousands of extra horse power have been made available by cancellation of electric steam loads, by additional water being made available, by additional installations, by inter-connection of systems and by daylight saving, but in spite of all this the winter of 1941-42 may be a critical power period.

My experience as Power Controller has been a heartening one and co-operation has been evident on all hands. No real sacrifice has yet been

asked of the individual, but next winter may be different. More drastic regulations will probably be necessary, but they will be restricted to what is necessary, and I am sure that everyone will willingly and wholeheartedly comply.



This is glue. It has been made from bone and is used in airplanes, shell cases and camouflage paints.

Mobilizing Man Power for Industry  
TO MEET CANADA'S WAR NEEDS★ Practical adult and apprentice TRAINING PROGRAMS to fit Canada's Workers NOW for the big job that lies ahead

★ **THE EMERGENCY IS HERE**—Canadian Industry, in the coming months, faces two jobs.

First, the immediate, urgent need of creating the material means for Canada's war needs.

Second, the job of maintaining national standards of living by continuing to produce goods at low cost.

★ **THE NEED IS GREAT**—The greatest need of the hour is **man power**—not so much in direct military activity as in our **plants**, manning our **machines**, producing the defense needs of our nation.

And this man power, to be useful, must be **trained**. An acute shortage of **trained** labor exists in many fields.

★ **THE TIME IS SHORT**—Whether we like it or not, we are living in a "blitz-world." Time, today, is a vital factor in our war effort. For this reason, you may be vitally interested in **proved** adult and apprentice Training Programs of the International Correspondence Schools.

The I.C.S. program of Cooperative Training for industry—training related directly and definitely to the requirements of the job—has proved itself capable of producing **greater results in less time** than **any other** apprentice or adult training method.

I.C.S. Cooperative Training is clear-cut and authoritative. It is not a dream, or a proposal for the future—but a **complete, proved program** already in effect in more than 2200 business and industrial concerns—ready to operate **immediately** within your organization!

Your employees **want** the opportunity to become better trained, more efficient workers and thus better citizens. **They are willing to pay for this training!** But they look to **management** for guidance and direction, for information and vocational guidance, for co-ordination of effort.

Management **can** provide this leadership—and **must**, if the shortage of trained men is to be overcome quickly.

Executives are invited to clip and mail the attached coupon, for complete information on this vital subject.

## CUT TRAINING TIME!

Today's emergency makes available to you successful, proved programs that parallel schedules of shop operations and reduce training time!

## CLIP THIS COUPON . . . MAIL IT TODAY!

INTERNATIONAL CORRESPONDENCE SCHOOLS  
CANADIAN, LIMITED.  
Cooperative Training Division,  
Montreal, Can.

Gentlemen

Please send me, at once, without cost or obligation, full information on your Training Program for my type of industry

Name

Position

Company

Address

BROULAN  
PORCUPINE MINES LIMITED

(NO PERSONAL LIABILITY)

Incorporated under the laws of the Province of Ontario

Capitalization: Authorized (\$1 Par Value) - 3,000,000 shares  
Issued - - - - - 2,694,005 shares

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The Company's property consists of ten claims, totalling approximately 415 acres in the Porcupine Area of Northern Ontario

Head Office: 372 Bay Street, Toronto, Ontario.

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## How You Can Help

## Use Home-Grown Timber

THE office of Timber Controller was created last summer as one step in meeting the demands of the war situation, and Mr. H. R. MacMillan was appointed to it on June 24, but has since resigned to assume other important war duties. The Controller was given the widest powers so far as production and distribution of sawn lumber are concerned.

More recently the Timber Controller has been called upon to advise the Department of National Revenue respecting the issue of permits for the importation into Canada of hardwoods from "non-sterling" countries. Under the terms of the War Exchange Conservation Act, passed at the last session of Parliament, hardwood lumber, veneers and plywood can now be imported only under licence. Furthermore, it is the expressed intention of the Government progressively to curtail the issue of such licences. This step is made necessary by the great need for foreign exchange, especially exchange in U.S. funds, for the purchase of war materials. In 1940 over \$2,850,000 was spent for imported hardwoods and flooring, and it is estimated that over 90 per cent of this amount was settled in American dollars. Relatively small quantities of certain woods are needed in this country for highly technical purposes and cannot be replaced by Canadian species. On the other hand, our own timbers can be substituted with very satisfactory results for the larger part of the volumes of hardwoods imported last year.

In view of the absolute necessity for putting forth every effort of which this country is capable, every person who builds or alters a home, buys furniture, or requires hardwoods for any purpose whatever, is urged to use Canadian species exclusively. It cannot be too strongly emphasized that, at this crisis in our history and in the history of the civilized world, it is the duty of every citizen to subjugate personal tastes and

BY LOREN L. BROWN

Timber Controller

preferences to the needs of the nation.

In connection with the war effort the Canadian lumber industry must perform three main tasks. First in importance is the supplying of lumber, veneers and plywood to the United Kingdom; second, the provision of material needed for the prosecution of Canada's own defence and training programs; third, the maintenance or expansion of exports to "non-sterling" countries in order to obtain the greatest possible quantity of foreign exchange in so-called "hard" currencies.

In Napoleon's time Great Britain, then and now the greatest importer of softwoods in the world, was excluded from her normal sources of supply in Europe, and as a direct result Canadian exports of timber were greatly stimulated. The situation of today is very similar as far as the closure of European ports is concerned, but Canada now possesses a well-organized lumber industry which has been able to provide the United Kingdom with all the timber for which shipping space

can be found.

Fortunately, the steady increase of British lumber purchases in Canada before the war had given our mills an opportunity to acquire experience respecting the sizes and qualities preferred on the British market and that experience is proving particularly valuable now. Ordinarily the United Kingdom imports about 4,900,000 board feet of sawn wood annually, of which 4,400,000 board feet are softwoods. Before the war European countries supplied 76 per cent of the softwoods and Canada only 18 per cent. Canadian exports to the United Kingdom in 1938 amounted to 883,000,000 board feet. When complete returns are available, it is expected that exports in 1940 will be found to total 1,600,000,000 board feet, of which 1,000,000,000 board feet were shipped from British Columbia.

At home, Canadian lumber has been used in a defence building program unprecedented in this country

both in size and in speed of construction. In the year 1940 some 5,000 wooden buildings were erected at air training schools, military training centres, and war factories. More than 370,000,000 board feet of lumber, 3,000,000 feet of flooring, 100,000 squares of shingles, and vast quantities of millwork were used. All this was supplied by our own lumber industry and there were practically no delays on construction projects because of failure to receive lumber as needed. The splendid co-operation of the industry in this program is indicated by the fact that in very few cases were grades supplied below those specified, while it was often found that grades were above requirements.

The Timber Control Office, which was opened in Ottawa in July, has numerous representatives in the field. The staff comprises twenty-seven leading members of the lumber industry, drawn from all parts of Canada, and three members of Dominion and Provincial Forest Services. The Controller was able to secure agreement from the industry that prices ruling in June, 1940, would be maintained through the peak of the building rush. This arrangement saved Canada many hundreds of thousands of dollars.

## TO PEOPLE WHO CANNOT SWALLOW PILLS

If you feel sluggish, depressed, liverish or are inclined to constipation—just try this treatment for two weeks: Take enough Kruschen to cover a dime, in warm water every morning.

Nothing could be easier to take, and Kruschen is not harsh, but is a mild, gentle laxative.

Constipation is caused mainly by lack of moisture in the large intestine. Kruschen contains carefully blended mineral salts that bring back the moisture. Besides cleaning out stagnating poisonous waste matter, Kruschen helps to rid the bloodstream of other poisons resulting from constipation.

Get a 25c size of Kruschen from your druggist and within two weeks you'll feel your old good health coming back. Other size at 75c.

## Pertinent Advice

BESIDES the administrators of various divisions of Canada's war economy whose "How You Can Help the War" suggestions appear in this issue, several other gentlemen in like positions were invited to contribute their ideas but had to decline owing to pressure of war work. In several cases, however, their letters of regret themselves contained pertinent suggestions.

For example, Mr. T. C. Lockwood, Transport Controller, wrote the editor:

"I do hope that you will stress the question of shipping information. Undoubtedly a tremendous amount of shipping information is leaking out to the United States where it can easily be passed along to our enemies abroad, and we have been endeavoring for some months to find ways and means of preventing this information getting out. Every shipment which moves must be handled by hundreds of transportation employees and, particularly at the seaboard, all these men know what ship the traffic is going on and a lot of them know where the ship is going, so, in order to carry on, it is impossible to prevent these people having full information.

"We have been stressing by means of posters, etc., the fact that we do not want people, who know of these things, to talk about them but unfortunately we have only been able to influence a very small percentage of the people, who have the knowledge of what is going on, to keep these matters to themselves. I think as a newspaper man, however, you will agree that the newspapers generally have co-operated wholeheartedly with self-imposed censorship and I think they are to be congratulated on doing so, and if the general public would use the same discretion we would be very much happier."

Mr. David C. Dick, the Wool Administrator, wrote:

"It seems to me a pity that our democratic ways even in wartime when our whole system is in danger, should still contain the frequent reiterated expression of the 'rights' of every class of citizen and province and so little of the respective 'duties'. It is not a question of politics but a question of arithmetic that no right can exist without a corresponding duty, even in peacetime. In wartime it occurs to me the best thing we can do is to more or less completely forget our respective individual 'rights' and concentrate completely and absolutely on our 'duties'. Without this it occurs to me we may not get the choice."

## AFTER-SHAVE

Best!

You'll enjoy the cool breezy tang of Aqua Velva Leaves your skin feeling softer and smoother.

For a generous trial bottle, write to Aqua Velva, The J. B. Williams Co. (Canada) Limited, Dept. SN-5, LaSalle, Montreal.

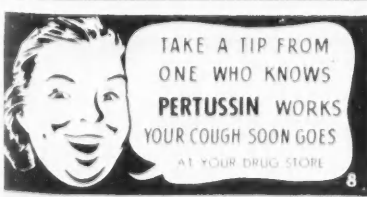
## HOMEWOOD SANITARIUM



A Community for reconstruction under competent medical care

To find a place where those suffering from nervous and mild mental conditions may receive individual, constructive care, often presents a problem to both physician and patient. Homewood offers such a place. Beautiful buildings, lovely grounds, occupational therapy, thorough medical and nursing treatment, diet, electrotherapy, hydrotherapy, and other proven effective aids to restoring the patient to his normal, active life.

Address: Harvey Clare, M.D., Medical Superintendent, Homewood Sanitarium, Guelph, Ont.



TAKE A TIP FROM ONE WHO KNOWS  
PERTUSSIN WORKS  
YOUR COUGH SOON GOES  
AT YOUR DRUG STORE

# For 60 YEARS

these have been

## OUR GUIDING PRINCIPLES

TO FURNISH unquestioned security and at the same time to provide protection and other benefits at the lowest possible cost

TO MAINTAIN vigorous yet conservative management in order that the company may combine healthy growth with financial strength

TO OFFER life assurance contracts which meet the needs of modern ways of living

TO SELECT AND TRAIN as representatives men and women of character who will render intelligent life assurance service

## Our 60th Anniversary Record of Trusteeship

Assurances and Annuities in Force	\$248,050,137
(INCREASE \$8,592,492)	
New Assurances and Annuities	\$27,133,409
(INCREASE \$1,480,500)	
Assets	\$67,969,282
(INCREASE \$2,967,399)	
Special Reserves and Surplus Funds	\$5,627,731
(INCREASE \$69,561)	

## NORTH AMERICAN LIFE ASSURANCE COMPANY



HEAD OFFICE — TORONTO, CANADA

1881

1941



## How You Can Help

THE ordinary Canadian citizen can do much to aid his country in this war.

He can and should remain quietly at his job until an opportunity presents itself of other work which may be more directly helpful. If all those who feel their work is unimportant were to quit at once they would probably tie up every essential service we have. Back of the war industries are many industries and services which

must continue if our war effort is to function efficiently.

He can and should guard his tongue and not idly repeat criticism which he does not know personally to be a fact. If he knows of a serious condition which needs correction he should notify the proper authorities. Remember that no war effort the size of the one Canada is now making could possibly be started without mistakes being made. Idle criticism will hinder our war effort rather than help it.

He can and should put himself wholeheartedly behind the War Sav-

## Work Harder at Your Job

BY J. H. STOVEL

Member, National Labor Supply Council

would need to go hungry, unclothed, or without shelter on that account.

He can and should see that the sale of our next War Loan does not lag. Last Fall our Government offered \$300,000,000.00 War Bonds for sale. At that time the people had (and they still have) over FIVE times that amount in savings accounts in our

banks and trust companies. The issue should have been over-subscribed in a day but it took nearly three weeks to place it.

He can and should support the Red Cross and the many other organized War Charities. Many people are working hard at this kind of thing but there is still plenty of opportunity for useful service with these organizations.

He can and should see that his spending does not interfere with the spending of the Government. Every time he buys vegetables, fruits and other articles imported from the United States he cuts down the supply of Foreign Exchange available to the Government for purchase of needed war materials in the U.S.

He can and should see to it that he does not use his car unnecessarily. Every gallon of gasoline burned up means so much less Foreign Exchange available for war purchases.

He can and should buy British goods when buying imported articles. The British people are taking the pounding which we are fortunate enough to escape and they badly need Canadian dollars to pay for their ever-expanding war purchases in this country.

He can and should see that he buys no luxuries of any kind. If he has money for this sort of thing he should save it for use in buying War Bonds when the next issue is put out.

We can all be proud of our boys in our armed forces. Let us carry on so that they will have reason to be proud of us.

## Conserve Fuel

BY J. McG. STEWART

Coal Administrator

THE war has disrupted many of the trade channels through which the fuel requirements of the country have been accustomed to flow. This has necessitated some changes in sources of supply and in the types and grades of fuel available to consumers.

The urgent fuel requirements of our rapidly growing war industries and of the railways which transport troops, their supplies, equipment and munitions, come first and the ordinary consumer may at times suffer some delay if he has not been forehanded in laying in his requirements.

Consumers will assist the Coal Administrator,

- (1) By accepting substitution of other types and grades of fuel than those to which they have been accustomed when shortages are brought about through the effects of the war.
- (2) By buying their requirements as far ahead as possible—particularly during the summer months.
- (3) By exercising every possible economy in the use of fuel—particularly when the price structure necessitates the use of imported fuel other than from an Empire source.

The Coal Administrator will welcome the co-operation of citizens who bring to his attention any instances of exorbitant prices, improper substitution, or inadequacy of supply provided the information is well founded and not of a frivolous nature.

## WILD AZALEA

CYCLAMEN, lilac, lavender, pink. The wild azalea's loveliness Breaks on this sombre land, a brink Of blossom on the wilderness, A flush of warm delight upon its austere face; A carpet deep and lavish on the carapace Of old, worn hills; A fantasy, caprice, a whim, A soft abandonment that fills The dry, dim hollows to the brim, And splashes with a tropic dye These barrens tilted to the clear, cold sky.

Grand Falls, Nfld. —LENORE A. PRATT

Highlights from the

# 94<sup>th</sup> Annual Report

of Canada's Oldest Life Assurance Company

- Never since the Canada Life was established have its policyholders been more adequately protected.
- The total of all new paid life insurance placed with the company in 1940 amounted to \$62,000,586, an increase of \$855,215.
- In addition 1,356 new annuity contracts were completed during the year resulting in premiums of \$2,906,286. This is \$1,211,193 greater than in the previous year.
- Life insurance in force at the end of 1940 amounted to \$805,704,918. This "in force" figure does not include annuity business, which has again shown a substantial increase.
- Lapses and Surrenders—policies which are discontinued before they mature—were reduced by \$2,285,730 from the 1939 total. This is an improvement over 1938 of \$4,572,060.
- Assets have increased by more than \$7,500,000 from a year ago and now amount to \$275,583,490, the highest figure in the company's history. Practically all of this amount represents savings of our policyholders accumulated for the future protection of themselves and their beneficiaries.
- The company's unassigned surplus shows an increase of \$476,515, bringing the total surplus funds and special reserves up to \$13,501,245.
- During the year more than 30,000 cheques were sent to policyholders and beneficiaries for a total of more than \$23,500,000. This brings the amount the Canada Life has paid to or accumulated for its policyholders and their beneficiaries since 1847 to more than \$740,000,000—over \$70,000,000 more than has been received in premiums.

# The Canada Life

Assurance Company



## How You Can Help

## Vitamin Oils

BY DR. GEORGE HILTON  
Oils Administrator

THE importance of unity and individual co-operation in a country's maximum war effort cannot be over-estimated. War creates special demands; it disturbs industrial activities, transportation and food supplies. Difficulties and unforeseen situations suddenly develop and with a view to giving them prompt attention the federal authorities have established departments, boards and committees, and have assigned specific problems to each organization.

The Wartime Prices and Trade Board was constituted to provide safeguards under war conditions against any undue enhancement in the prices of food, fuel, and other necessities of life, and to ensure an adequate supply and equitable distribution of such commodities.

In recent years substances have been found to be present in small amounts in natural foods of both man and animal, and these substances exercise an important influence not only upon nutrition, development and growth but they also increase resistance to disease. Such substances have been termed vitamins, and, when absent from food, general nutrition fails. Two of the important vitamins, A and D, are present in varying degree in fish liver oils, particularly cod liver oil, and in some fish body oils. The health and comfort of Canadians could be materially affected by a shortage of vitamin oils. The maintenance of health not only in our fighting forces, our recruits in training, but in the civilian population, is at all times of great importance. It is of vital importance in a country at war when maximum production of fighting equipment and of food is essential to success. In order to ensure an adequate supply at reasonable prices of these vitamin oils, the Wartime Prices and Trade Board appointed an Oils Administrator.

## Supplies Reduced

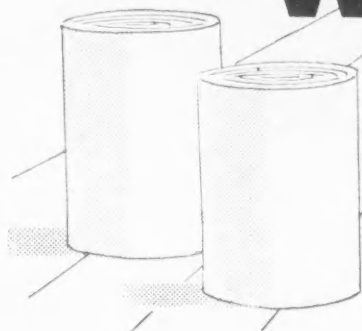
Although its cod catch is sufficient to warrant the production of all the cod liver oil required for medicinal, livestock feeding and industrial purposes, Canada imported approximately 75 per cent of its requirements prior to the outbreak of war. War activities have substantially reduced these sources of supply and it has become necessary to meet our requirements by home production. The establishment of oil extraction and refining plants is being encouraged and fishermen are urged to co-operate in the production of high quality oils by exercising care in cleaning and handling of livers.

With the loss of European markets for Canadian fish oils, particularly terring and salmon oils, Canadian manufacturers should co-operate to meet this situation by utilizing these oils to the greatest possible extent.

An adequate supply of oils and fats is of the greatest importance in wartime as they are essential for food purposes as well as for numerous industrial uses, as for example, in the manufacture of soaps, paints and varnishes, and the tanning of leather. Moreover, glycerine is obtained as a by-product of the manufacture of soaps and candles. After distillation glycerine is used in the manufacture of high explosives. Canadian animal oils provide a valuable supply of glycerine.

Since a scarcity of fats in wartime creates a serious situation, experienced at the present time by the Axis countries, the wastage of this commodity is inexcusable. Every effort should be made to save surplus fats at camps, hotels, restaurants and in the household. Surplus fats can be salvaged without undue difficulty as they solidify and can be collected as a solid mass. Propaganda through the press in this connection would, I believe, result in the co-operation of all concerned and would provide a supply of fats for fighting material which are now being wasted.

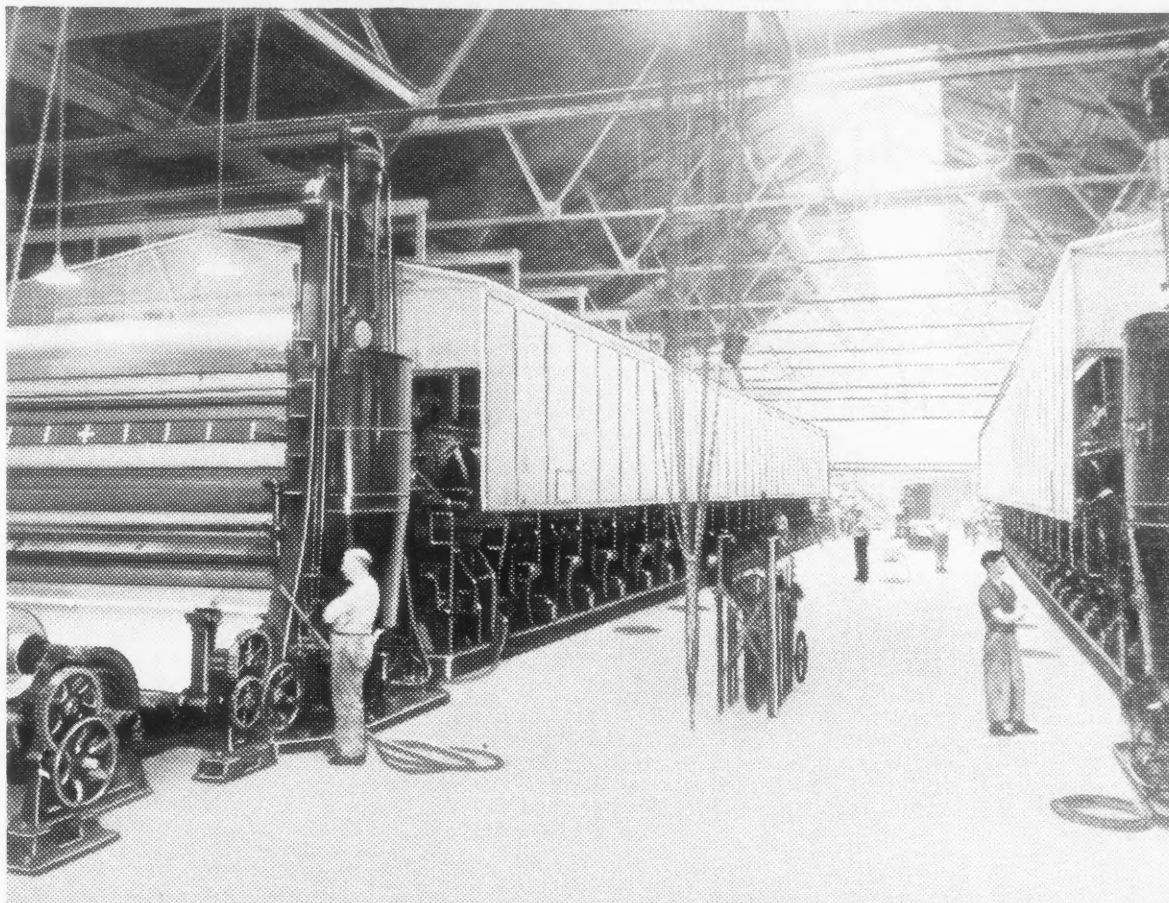
# \$ WAR DOLLARS from PULP and PAPER



Canada's excess of exports over imports in 1939 was \$173,870,570 (gold excluded).

Ninety-one per cent. (\$157,454,661) of this favorable balance of trade was provided by exports of the pulp and paper industry.

Of this, one-twelfth, or \$13,767,226 worth of newsprint was supplied by The Ontario Paper Company Limited, the newsprint manufacturing department of The New York News and The Chicago Tribune. All of this was exported, and it supplied Canada with United States dollars to buy airplanes, tanks, ships, guns and ammunition.



GENERAL VIEW OF MACHINE ROOM—This is a general view of two paper machines in operation at the Thorold mill of The Ontario Paper Company Limited.

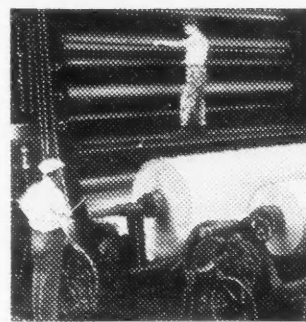
## SOME OPERATIONS OF THE THOROLD PLANT OF

THE  
ONTARIO  
PAPER  
COMPANY  
LIMITED

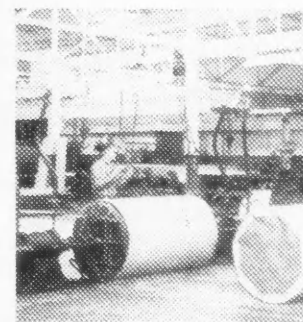
UNLOADING OF BOATS—The Thorold mill consumes over 165,000 cords of wood annually. This wood is delivered by company boats from its plants on the north shore of the St. Lawrence River, 800 miles distant, and from Heron Bay, Lake Superior.



WOOD PILE WITH LOG LOADER—This picture illustrates the method of recovering wood from the storage piles. The log loader in the foreground grabs up the wood and delivers it to a conveyor which carries the wood to the mill.



CALENDER—After the paper has been dried down to approximately 3% moisture, it must be ironed out, and this is done in calender stack. The paper leaves the dryers and goes down through these heavy steel rolls which smooth off the surface.



FINISHING OPERATION—After the rolls have left the winder, they are wrapped and labeled. Each roll is then weighed separately and sent either to freight cars, paper boats, or to the storage shed.



STORING OF PAPER—This picture illustrates the method of storing paper in the storage shed. Later the paper is transported to the wharf for stowing on steamers for shipment.

## WAR MACHINES PURCHASED IN REVENUE FROM PULP AND PAPER OPERATIONS



\$15,767,226 REVENUE FROM THE ONTARIO  
PAPER COMPANY LIMITED WILL BUY  
AND EQUIP 157 BOMBING PLANES COSTING  
\$100,000.00 EACH



NEWSPRINT ROLLS must be very carefully handled to prevent damage to the paper—note the thick hair felt cushions on which the rolls rest and the rubber protection over the cables on the lifting saddles.

The Ontario Paper Company, Limited MILLS AT: THOROLD, ONTARIO  
BAIE COMEAU, QUEBEC



# WAR FINANCE REVIEWED Production and Saving Vital

Address of J. A. McLEOD, President, at 109th ANNUAL MEETING

## THE BANK OF NOVA SCOTIA

H. D. Burns, Assistant General Manager, presents a strong statement, and pays tribute to staff

J. A. McLeod in his Annual Address to the shareholders, on January 22nd, outlined the sharp increases in business activity, reviewed Canada's financial policy and stressed the implications for Canadian citizens of an all-out war effort. He spoke in part as follows:

### Remarkable Expansion of Industrial Activity

"It is no exaggeration to describe the expansion of industrial activity in 1940 as remarkable. Indeed, there have been few occasions in the past when expansion has been so rapid or nearly so well sustained. Indicating the general trend, industrial activity, as measured by this Bank's Index, has risen steadily since last March and in November was much the highest on record and some 25% greater than in the month preceding the outbreak of hostilities.

"There can be no doubt that Canada produced more goods and services in 1940 than in any previous year of her history. A rough provisional estimate, compiled by our Statistical Department, puts the available national income of Canada at around \$5,000 millions as compared with \$4,375 millions in 1939 and \$4,130 millions in 1938. While this estimate has been exceeded in the two previous years of 1938 and 1939—the 1939 peak was \$5,430 millions—the reason is to be found in the higher level of prices prevailing at that time. Indeed, when one allows for the difference in the price level as between the two periods, it becomes apparent that the national income of 1940 represented an appreciably larger volume of goods and services than that of 1929."

### "Full Employment" in Sight

"In line with the rapid growth of production, employment opportunities have increased and the majority of the unemployed who were readily employable have found jobs. The official employment index is at much the highest point on record and on December 1st it indicated an increase in the number of wage-earners employed since the outbreak of war of about 350,000 persons. When it is remembered that some 200,000 men have been added to the armed forces, it will be seen that employment in industry and in the war services has increased by a total of around 550,000 persons. For a country of some 11 million people, this is a truly notable increase in the short space of fifteen months.

"We are steadily approaching what the economist describes as 'full employment,' i.e., a state of affairs where there is work for all the capable and adaptable unemployed. Some unemployment still remains but the number of readily employable persons out of work is rapidly diminishing and in many localities the relief problem has disappeared except for those who may be described as unemployable or only partly employable. In many industries, part-time work is a thing of the past and overtime the more usual state of affairs. Workers are being drawn away from non-essential occupations and women are entering the labour field in increasing numbers. Certain artisans are in particular demand and shortages

of some types of skilled labour are becoming 'bottlenecks' in our war programme. The present labour problem is qualitative rather than quantitative: it is one of obtaining enough of the right kinds of labour to meet the rapidly rising needs of war-time industry."

### Mounting Stimulus of War Spending

"A short time ago, the Minister of Finance pointed out that the Dominion Government's war expenditures had recently been running in the neighbourhood of \$70 or \$80 millions per month—or at a rate of around \$900 millions per year—and there is every reason to believe that this rate of spending will be further increased. In addition, the British Government has been making substantial war outlays in Canada. Taken together, it would appear that the strictly wartime expenditures of the Dominion and British Governments in Canada are currently equivalent to at least 20% and perhaps as much as 25% of our entire national income.

"Added to this enormous and growing wartime impetus, the productive energies of our country have been stimulated by rising demand both from Britain and the United States for our usual exports."

### Enormous Task of Finance

"There is far too little public understanding of the vitally important topic of war finance. The people of Canada have undertaken an all-out war effort—in the words of the Prime Minister: 'We will make financially possible the utmost effort the people of Canada are physically and morally capable of making.' To put it another way, this means that we have committed ourselves to raise, not just what money can be raised conveniently, but all the money that can be spent effectively for the war. That is the problem of financial policy.

"We talk of war finance in terms of money but we should realize that it is fundamentally a question of human effort and sacrifice. We say that the Government is raising money because it needs it for war purposes and this of course is true. But fundamentally the Government in raising money for war purposes is preventing it from being spent for non-war purposes—and thus restricting civilian demands on the productive powers of the nation."

### Policy of Financing Successful

Mr. McLeod reviewed the record of Canada's war financing up to the close of 1940 and stated that financial policy thus far had been successful in raising the funds required for the war without inflationary consequences. In support of this view he said, "the level of prices has risen only moderately both in relation to international developments and in relation to the rise in the national income which has thus far occurred. When it is remembered that the war brought a 9% discount in the Canadian dollar in terms of U.S. funds and that ocean freights and insurance rates have risen sharply throughout the world, the 12% increase in wholesale prices and the 7% rise in the cost of living since the outbreak of war can not be considered unduly great. Also it should be noted that the increase in the volume of bank credit has been modest when viewed against the increase in production and employment. While Canadian deposits in the Chartered Banks rose from \$2,532 millions in August 1939 to \$2,823 millions in November 1939, they declined subsequently and in November last stood at \$2,733 millions. Thus, the net increase since the beginning of the war was about \$200 millions or 8%. When viewed against the 17% increase in employment, and the 25% gain in industrial activity, this expansion of credit appears comparatively small."

### Existing Problems of War Finance

"If anything is clear, it is that the problem of finance is rapidly assuming larger proportions in line with the mounting scale of our war effort. The Dominion's over-all requirements for its own war expenditures, for ordinary outlays and for financing British purchases in Canada during the fiscal year ending March 31st next appear to be somewhere in the neighbourhood of \$1,500 millions, the bulk of which has been raised. While it is not possible to say just what may be the requirements of the coming fiscal year a total of \$2,000 millions would seem to be a conservative estimate.

"How is such a vast sum to be raised? On the basis of present rates, taxation may be expected to yield perhaps as much as half of the required funds. The remainder, except to the degree that taxation may be increased further, will therefore have to be raised by borrowing. To this end, the Minister of Finance has outlined a two-fold policy. First, he announced that the next war loan would be organized on a large-scale co-operative basis, similar to that of the victory loans of the last war, and that it would be issued next Summer. He added that the loan would be a 'very large one.' Secondly, he emphasized the importance of the Savings Certificate scheme as a means of encouraging regular saving for the war effort.

"Meanwhile, in order to meet fully the Government's financial needs between now and the next public flotation, a short-term loan of \$250 millions is being obtained from the Canadian banks." Mr. McLeod discussed the implications of this loan and indicated that it could not be "regarded as in any way inflationary, provided that the borrowing and taxing policies of the Government prevent an increase in the volume of civilian spending. The money is needed to finance additional war production: of that there can be no doubt. This war production, however, will give rise to a further increase in individual incomes and if this meant that the general level of individual spending would be raised correspondingly, then the loan would have inflationary consequences. But as we all know, the Government is striving to divert a growing portion of individual incomes toward the war effort through taxation and public borrowing, and to the degree that this policy is successful the development of inflation can and will be avoided."

### The War Effort and the "Home Front"

"Let us face the fact that greater economic sacrifices are necessary. It is perfectly true that the Government has been taking a large and growing portion of our incomes through taxation and borrowing. But the national income of Canada has been rising rapidly and, even after these substantial deductions, the Canadian people as a whole have had more to spend than prior to the war, and they did spend appreciably more on their individual welfare in 1940 than in 1939.

"The reason for this state of affairs is that we have been able to increase our production sharply and thus to provide for a rising war output without curtailing civilian or peacetime production; indeed, we have been able to increase it. It would be pleasant, but quite unrealistic, to think that we could go on financing an all-out war effort with little real sacrifice of an economic nature. There are two compelling reasons why this cannot be done. One is that we are steadily approaching a condition of full employment and maximum production and the other is that we have undertaken to go on increasing our war production and effort to the limits of our capacities. It stands to reason that this country cannot go on indefinitely producing more and more war materials and equipment, withdrawing more and more men from the productive system into the armed forces, and at the same time go on providing more goods for civilian consumption and use. Since we must have a rapidly mounting war production and larger armed forces, we shall have to forego an improving standard of living and, in a great many cases, accept a somewhat reduced one. In short, if we are to pull our full weight in the cause to which we are dedicated, individual spending must be progressively limited in favour of the war effort."

### Increased Saving a Vital Need

"My reason for stressing this point is that I do not believe it is sufficiently or widely enough understood. To many, indeed, the income tax bill payable shortly may come as a rude shock even though the increases were announced seven months ago. Some may feel that they have carried their full share by paying the higher taxes. But the truth is that after the taxes have been paid there will still remain enormous and growing sums to be raised from the citizens of Canada through borrowing of one sort or another. And if inflation is to be avoided, there is only one way in which Canadians can find the necessary money—that is by strictly limiting their expenditures and thus increasing their rate of savings.

It is thus a vital part of the war effort on the 'home front' that everyone who can reasonably economize should save more and more. For those whose incomes are rising as a result of the wartime expansion, a high rate of saving is not only the part of patriotism but also the part of wisdom, for in so building up a reserve they will be providing against the day of post-war readjustment when their jobs and their incomes may be gravely threatened.

"We all recognize that this is a 'total' war, but perhaps because our battles are being fought on the other side of the ocean we are sometimes slow to realize its full implications. One implication for those of us on the 'home front' is that, in doing our proper share in the country's war effort, we must pay, and pay as we go along—in the form of taxes, loans to the Government, or if these fail, inflation. All of us are anxious to avoid any serious inflation because it is unjust, inefficient and threatening to the very fabric of our society. Under these circumstances, we must willingly accept heavy taxation and, more than that, we must save to the maximum of our ability. It may appear that this is the hard way to finance the war. But because it combines efficiency and justice in the greatest measure, it is the best way and the democratic way."

### Assistant General Manager's Address

#### Earnings

"The statement before you shows earnings of \$1,941,330 after taxes of \$1,004,027 and after making appropriations to contingent accounts, out of which provision for bad and doubtful debts has been made. The earnings shown are \$92,000 less than those for the previous year, but these earnings are after allowing for \$445,000 more taxes than in 1939.

"Let a wrong impression should be created by the payment of dividends at 12% per annum on our capital, it is only fair to point out that the shareholders' funds invested in the Bank's business, consisting of capital, reserve and undivided profits, averaged over \$37,000,000 for the year and the dividends paid were at the modest rate of 3% on the shareholder's investment."

#### Deposits

"Total deposits at \$269,639,000 show a reduction of \$10,000,000 for the year. Balances of the Dominion and Provincial Governments are \$9,100,000 lower and interest-bearing deposits are \$6,827,000 lower; the latter decline was caused by withdrawals by our savings customers for payment of subscriptions to the War Loans. Deposits not bearing interest, which represent balances of business concerns, are \$5,800,000 larger—in keeping with the higher current level of business generally in the country."

#### Cash Position Strong

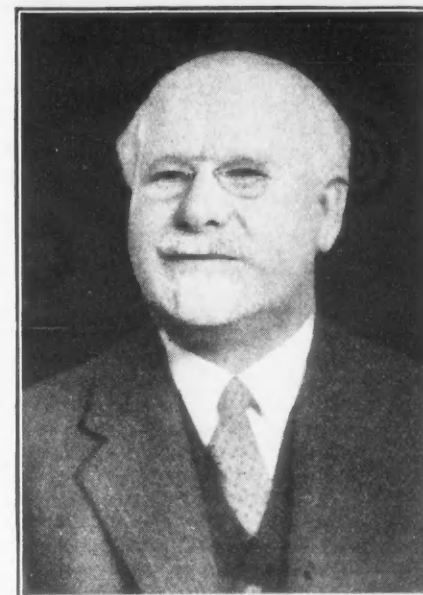
"On the assets side of the statement cash holdings consisting of coin, notes of and deposits with the Bank of Canada and government and other banks' notes total \$32,382,000, which is 11% of our public liabilities—a slightly lower percentage than was shown last year. Our other cash assets, consisting of bank balances and exchanges for the Clearing House, bring the total up to \$63,609,000, which is almost 22% of public liabilities—practically unchanged from the previous year."

#### Investments

"Total investments, which are carried in our balance sheet at prices not exceeding market values, amount to \$131,117,000, a reduction of almost \$5,000,000. We still continue to hold a large percentage of our securities in the short-term category. You will note that \$49,371,000 are in Dominion and Provincial Government securities not exceeding two years in term, which represents about 37% of our total holdings. However, we have other substantial maturities up to five years in term and 75% of our investments will mature within that period."

#### Resources Ample for Increased Loans

"Notwithstanding the increased volume of business that was done throughout the country in the latter half of the year, our current loans in Canada show a reduction of \$1,558,000 and now stand at \$93,339,000. We have participated to a substantial degree in financing for our customers, contracts for supplies of a widely diversified nature required for the prosecution of the war, but certain special, large loans, which were outstanding at the end of 1939, have either been paid in full or have been substantially reduced and the net result is the relatively modest reduction in total loans outstanding. We have ample resources to finance an increased volume of loaning business and are prepared to give favourable consideration to all legitimate applications for loans required for the furtherance of



MR. J. A. McLEOD

President of the Bank of Nova Scotia, who presided at the 109th annual meeting of the shareholders held at Halifax on January 22nd.

the country's war effort or for its ordinary trade."

#### Excess Profits Taxation

"I have already referred to the sharp rise in our tax bill. Nobody likes to pay higher taxes, but there is no doubt that the shareholders will bear this increase willingly and cheerfully, recognizing that all Canadians must do their share to meet the urgent needs of the times. Most of the increase in our taxes is a result of the excess profits legislation and the accompanying rise in the corporation income tax.

"The basis of this legislation is partly economic and partly social—economic in that an increase in profits can to a degree bear a heavier rate of taxation than that which applies to profits generally, and social in the sense that nobody is to be permitted to make unusually large profits as a result of the war. While we can all accept these principles, it should be recognized that the excess profits tax is a very difficult one to administer in an equitable manner and that in its general application it falls with undue severity upon certain formerly depressed industries. For this reason, the action of the Dominion in setting up a Board of Referees to consider applications for adjustment and the stated policy of the Government to strive for 'fairness of incidence' and to combat 'unjust discrimination as between taxpayers' is commendable and encouraging.

"It is a fact that the Income Tax Division of the Dominion is faced with a staggering increase in its responsibilities—not only with regard to excess profits but with regard to the expected million of new taxpayers under the personal income tax—and in these circumstances the businessman must accept with patience unavoidable delay in the treatment of his just tax problems. Nevertheless, one is justified in emphasizing the need for the greatest possible despatch in the treatment of corporation taxation. The efficiency of the business structure will be enhanced if tax assessments are not unduly long delayed and business is permitted to know just how it stands as promptly as is feasible."



MR. H. D. BURNS

Assistant General Manager of the Bank of Nova Scotia who presented the Bank's 109th annual statement to the shareholders at the annual meeting held at Halifax on January 22nd.



MR. H. F. PATTERSON

General Manager of the Bank of Nova Scotia, the annual meeting of which was held at Halifax, N.S., on January 22nd.



**Importance of War Savings Plan**

"I should like to refer briefly to the War Savings Campaign now in progress. The Savings Certificate Plan provides a way in which people of moderate and small means may contribute regularly and in accordance with their individual circumstances to the rapidly mounting costs of the war. The present campaign, which is largely directed toward developing such systematic saving within the framework of the business concern, deserves the fullest support not only of employees but, also, of employers, who, by co-operation and enthusiasm in advocating the plan, may contribute materially to its success."

**Wartime Control**

"It is quite possible that for the most effective prosecution of the war more control and regimentation of the country's activities than we have so far seen may become necessary, but there is no doubt that once the necessity therefor is understood such control will be accepted without question and will receive the full support of every section of the Dominion. We all realize that the British Empire—which means each of us in this great commonwealth of nations—is fighting for its life and that money, profit, or life itself, will be valueless if saved at the price of freedom."

**Our Friends Across the Border**

"In this vital struggle in which the Empire is engaged we are encouraged by the growing and concrete evidence of sympathy and support for our cause from the United States—both as expressed in the words of its great President and in our own meetings and correspondence with our business and personal friends there. I should like to take this opportunity of saying how much we appreciate the whole-hearted co-operation and help of our friends across the border."

**Operations in London, England**

"Before concluding we should say something to you about the operations of our London, England, office, which

has been very much in our minds during the past few months of intensive air bombardment of London. It is gratifying to know that so far the only damage suffered has been the destruction of the windows in our premises, but having regard to the safety of our staff we have transferred the bulk of our activities outside the limits of the City and maintain at our City office only a skeleton staff, most of our business being conducted in the suburban area which we have chosen. Our Manager and staff are carrying on in the traditional calm and indomitable British manner, and it is not apparent from any of the communications received from our Manager, or from the staff, that anything particularly unusual is happening in that area. We owe the Manager and staff of our London Branch a deep debt of gratitude for their close attention to the Bank's interests under extremely difficult and trying conditions."

**Tribute to Staff**

"In Canada, and in the other countries where the Bank operates, your interests are served by a most devoted, loyal and efficient staff. The past year has made extra demands on our personnel, requiring in some cases a substantial amount of overtime work, which has been cheerfully given."

**Staff on Military Duty**

"We now have 183 members of the Bank's staff on leave of absence for military duty, which represents almost 12% of our male staff of military age in Canada, Newfoundland, Jamaica and England. In addition, we have another 99 officers who have volunteered for service and are subject to call at any time. It is with great regret that we have to report two casualties amongst our officers on military duty in the past year—one member in the Royal Air Force having been lost in action and another while training. The positions of all our officers on military service are being held for them until their return. We know that they carry with them the good wishes of the shareholders as well as those of the executive and staff."

# NATIONAL AFFAIRS

## Well, Little Men, and What Now?

BY POLITICUS

THERE must be something seriously wrong with our Canadian democracy if in time of stress it cannot throw up one man of great stature who is suited to the occasion. That was well demonstrated on Tuesday and Wednesday of last week on the floor of the House of Commons when nine provincial premiers and the Dominion prime minister met to discuss the findings of the Royal Commission on Dominion-Provincial Relations.

Britain's strength has always been that there has come, at the crucial moment, the man who can do the job. Lloyd George is only one example. Winston Churchill is another. Behind him are Ernest Bevin and Herbert Morrison. The right man for the job in aircraft is Beaverbrook. And so it goes.

In the United States in its great period of blackness there rose Franklin Roosevelt. When that country needed a guiding hand in 1932 it reached out and plucked just the right person.

Yet in Canada we have the unhappy situation where three premiers, who might as well be in the Balkans, arrived in Ottawa with a large retinue of ministers and technical experts for one purpose and one purpose only—to sabotage a conference which was to make the heavy problem of financing the war and looking after the men who return from that war easier.

One feels sick in the stomach,

right down in the pit, after the two days of political manoeuvring and circus clowning that took place. The least one could expect was a fair discussion of the Report.

There was not even an attempt at it. Every move, every step, every twist of a phrase had an Ontario election in view.

An observer of the conference who had any knowledge of the men concerned and of the workings of politicians could call each move, from the prediction on the night before the conference that a wake might as well be started at once, to the prediction that Mr. King would end the conference with relief that he had perhaps taken an election issue away from Mr. Hepburn.

**Three Wilful Men**

The three wilful men, Mr. Hepburn, Mr. Aberhart and Mr. Pattullo, have a great deal to answer for. Each and every one answered the invitation to the conference with an acceptance. Each and every one brought a big delegation of ministers and experts. According to the official directory fourteen men came as delegates from Ontario. From Alberta there came nine. From British Columbia, in drawing rooms, came fourteen.

If these Canadians who cannot even sit down next to other Canadians elected by Canadians and discuss a report were as adamant against discussion as they showed, then why in the name of all that is decent didn't they write and say No, and leave it at that? Their own taxpayers paid for their jaunt, which provided nothing more than a national forum for their dislikes. When every dollar is needed to buy equipment and to build it for the men who are doing the fighting for this same triumvirate, they pour the dollars so hard earned by self-denying taxpayers down a rat-hole. And yet the country is asked to pay and pay, and save and save, and save cheerfully.

As for Mr. King, he would not have minded if the outlines of the Report had been accepted. But to give it a push was beyond him. It was even beyond him to differentiate, when he closed the conference after the three premiers made it impossible to continue on the original basis for which the meeting was called, between those who wanted the conference to continue and those who didn't.

The final touch by Mr. King came when he told the Conference that "I for one took the view that it was very doubtful whether it would be wise to have a conference in war time." And then in his usual manner placed the blame on someone else, this time his Finance Minister, Mr. Isley. As it turns out, both Mr. King and Mr. Lapointe were not over anxious to see the Report implemented.

Mr. Hepburn made the type of opening address that was suited, as one western representative said, for a shack in the furthest back of the back concessions at the end of a political campaign.

The old-line Liberal politicians were afraid that if Mr. Hepburn came along on the Report then Mr. Godbout would. For that good little man would not have stood aside despite the pressure on him by the professionals in the federal and provincial field. Many of those pros heaved a great sigh of relief when Mr. Hepburn used his elbows, knees, the rabbit punch and smeared the laces of his gloves across the face of the conference at the very outset.

If the failure of men, all over twenty-one years of age, to get around a table for the common good were not so serious a matter one could have a great deal of amusement out of the whole thing. For here was something that would make

fighting the war much easier. Here was an attempt to place the responsibility for looking after the unemployed that had never been placed before.

It's not so long ago that young fellows rode freight cars from one end of the country to the other because every jurisdiction washed its hands of the responsibility for looking after the single unemployed transient. Those single unemployed transients had no place in this country. Many of them lost their lives under the wheels of freight trains. A great number of their companions are now in the armed forces. A large number of those young men are now overseas with the first and second Canadian divisions. What is going to happen to those who return? Is an ungrateful country going to condemn them to flop-houses and riding the rods again?

This is one of the most difficult pieces to write. Here we have men at home, supposed to be providing the means of carrying on the war, being so childish and letting their personal spleen affect them so that they cannot even help but turn away from each other when an official photograph is being taken.

It is unforgivable in any man that he lets his personal feeling of hate for another so carry him away that he won't even discuss the problems of a warring country with that man. One is almost tempted to say that we are living in an insane asylum, not a country whose citizens are united in one thing—a complete, full prosecution of the war.

If the Report is a basis for discussion, why then not discuss it? If it is not, then the three men who might just as fairly as Mr. Hepburn said of others be called "wreckers of Confederation" could have saved time "while London is burning" and not come at all. There is no possible excuse for the trio of dissenters bringing their large staffs unless they needed props for the show they were about to put on.

As to Mr. Hepburn, of the three premiers he is the most responsible for the breaking up of the conference. One can't discuss and confer with a man who refuses to discuss and confer.

Some time ago there was an item in the newspapers that a pensioner of the last war turned over his \$20 a month pension to help the war effort.

The total cost, an unofficial estimate, of the Report was \$550,000. Mr. Hepburn, Mr. Aberhart and Mr. Pattullo can figure out in their glee how many times 20 goes into 550,000.



Sailors on leave line up outside a naval cinema. Notice the nautical phraseology of posted directions.

**109th ANNUAL STATEMENT**

## The Bank of Nova Scotia

Capital Paid Up  
\$12,000,000



Reserve Fund  
\$21,000,000

**Condensed Statement as at December 31st, 1940****LIABILITIES**

Notes in circulation.....	\$ 8,058,969.03
Deposits (other than banks).....	269,639,664.64
Deposits from other banks.....	5,874,740.93
Acceptances and letters of credit outstanding (as per contra).....	6,702,680.42
Other liabilities.....	818,868.98
Dividends payable.....	361,916.79
Total liabilities to the public.....	291,456,840.79
Capital, reserve fund and undivided profits.....	37,225,890.77
	\$328,682,731.56

**ASSETS**

Cash on hand and due from banks and bankers.....	\$ 43,704,190.55
Notes of and cheques on other banks.....	19,905,081.53
Government and other public securities, not exceeding market value.....	119,881,231.75
Other bonds and stocks, not exceeding market value.....	11,235,985.93
Call loans (secured).....	5,386,172.25
Total quick assets.....	200,112,662.01
Other loans and discounts (after full provision for bad and doubtful debts).....	112,768,178.76
Liabilities of customers under acceptances and letters of credit (as per contra).....	6,702,680.42
Bank premises.....	6,114,380.34
Shares of and loans to controlled companies.....	2,350,000.00
Other assets.....	634,830.09
	\$328,682,731.56

J. A. McLEOD, President.

H. D. BURNS, Assistant General Manager.

**Branches from Coast to Coast in Canada****NEWFOUNDLAND**

JAMAICA

CUBA

PUERTO RICO

DOMINICAN REPUBLIC

LONDON, ENGLAND

NEW YORK

BOSTON



# WAR FINANCE REVIEWED Production and Saving Vital

Address of J. A. McLEOD, President, at 109th ANNUAL MEETING

## THE BANK OF NOVA SCOTIA

H. D. Burns, Assistant General Manager, presents a strong statement, and pays tribute to staff

J. A. McLeod in his Annual Address to the shareholders, on January 22nd, outlined the sharp increases in business activity, reviewed Canada's financial policy and stressed the implications for Canadian citizens of an all-out war effort. He spoke in part as follows:

### Remarkable Expansion of Industrial Activity

"It is no exaggeration to describe the expansion of industrial activity in 1940 as remarkable. Indeed, there have been few occasions in the past when expansion has been so rapid or nearly so well sustained. Indicating the general trend, industrial activity, as measured by this Bank's Index, has risen steadily since last March and in November was much the highest on record and some 25% greater than in the month preceding the outbreak of hostilities.

"There can be no doubt that Canada produced more goods and services in 1940 than in any previous year of her history. A rough provisional estimate, compiled by our Statistical Department, puts the available national income of Canada at around \$5,000 millions as compared with \$4,375 millions in 1939 and \$4,130 millions in 1938. While this estimate has been exceeded in the two previous years of 1928 and 1929—the 1929 peak was \$5,430 millions—the reason is to be found in the higher level of prices prevailing at that time. Indeed, when one allows for the difference in the price level as between the two periods, it becomes apparent that the national income of 1940 represented an appreciably larger volume of goods and services than that of 1929."

### "Full Employment" in Sight

"In line with the rapid growth of production, employment opportunities have increased and the majority of the unemployed who were readily employable have found jobs. The official employment index is at much the highest point on record and on December 1st it indicated an increase in the number of wage-earners employed since the outbreak of war of about 350,000 persons. When it is remembered that some 200,000 men have been added to the armed forces, it will be seen that employment in industry and in the war services has increased by a total of around 550,000 persons. For a country of some 11 million people, this is a truly notable increase in the short space of fifteen months.

"We are steadily approaching what the economist describes as 'full employment'—i.e., a state of affairs where there is work for all the capable and adaptable unemployed. Some unemployment still remains but the number of readily employable persons out of work is rapidly diminishing and in many localities the relief problem has disappeared except for those who may be described as unemployable or only partly employable. In many industries, part-time work is a thing of the past and overtime the more usual state of affairs. Workers are being drawn away from non-essential occupations and women are entering the labour field in increasing numbers. Certain artisans are in particular demand and shortages

of some types of skilled labour are becoming 'bottlenecks' in our war programme. The present labour problem is qualitative rather than quantitative; it is one of obtaining enough of the right kinds of labour to meet the rapidly rising needs of war-time industry."

### Mounting Stimulus of War Spending

"A short time ago, the Minister of Finance pointed out that the Dominion Government's war expenditures had recently been running in the neighbourhood of \$70 or \$80 millions per month—or at a rate of around \$900 millions per year—and there is every reason to believe that this rate of spending will be further increased. In addition, the British Government has been making substantial war outlays in Canada. Taken together, it would appear that the strictly wartime expenditures of the Dominion and British Governments in Canada are currently equivalent to at least 20% and perhaps as much as 25% of our entire national income.

"Added to this enormous and growing wartime impetus, the productive energies of our country have been stimulated by rising demand both from Britain and the United States for our usual exports."

### Enormous Task of Finance

"There is far too little public understanding of the vitally important topic of war finance. The people of Canada have undertaken an all-out war effort—in the words of the Prime Minister: 'We will make financially possible the utmost effort the people of Canada are physically and morally capable of making.' To put it another way, this means that we have committed ourselves to raise, not just what money can be raised conveniently, but all the money that can be spent effectively for the war. That is the problem of financial policy.

"We talk of war finance in terms of money but we should realize that it is fundamentally a question of human effort and sacrifice. We say that the Government is raising money because it needs it for war purposes and this of course is true. But fundamentally the Government in raising money for war purposes is preventing it from being spent for non-war purposes—and thus restricting civilian demands on the productive powers of the nation."

### Policy of Financing Successful

"Mr. McLeod reviewed the record of Canada's war financing up to the close of 1940 and stated that financial policy thus far had been successful in raising the funds required for the war without inflationary consequences. In support of this view he said, 'The level of prices has risen only moderately both in relation to international developments and in relation to the rise in the national income which has thus far occurred. When it is remembered that the war brought a 9% discount in the Canadian dollar in terms of U.S. funds and that ocean freights and insurance rates have risen sharply throughout the world, the 12% increase in wholesale prices and the 7% rise in the cost of living since the outbreak of war can not be considered unduly great. Also it should be noted that the increase in the volume of bank credit has been modest when viewed against the increase in production and employment. While Canadian deposits in the Chartered Banks rose from \$2,532 millions in August 1939 to \$2,825 millions in November 1939, they declined subsequently and in November last stood at \$2,733 millions. Thus, the net increase since the beginning of the war was about \$200 millions or 8%. When viewed against the 17% increase in employment, and the 25% gain in industrial activity, this expansion of credit appears comparatively small."

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"How is such a vast sum to be raised? On the basis of present rates, taxation may be expected to yield perhaps as much as half of the required funds. The remainder, except to the degree that taxation may be increased further, will therefore have to be raised by borrowing. To this end, the Minister of Finance has outlined a two-fold policy. First, he announced that the next war loan would be organized on a large-scale co-operative basis, similar to that of the victory loans of the last war, and that it would be issued next Summer. He added that the loan would be a 'very large one.' Secondly, he emphasized the importance of the Savings Certificate scheme as a means of encouraging regular saving for the war effort.

"Meanwhile, in order to meet fully the Government's financial needs between now and the next public flotation, a short-term loan of \$250 millions is being obtained from the Canadian banks." Mr. McLeod discussed the implications of this loan and indicated that it could not be "regarded as in any way inflationary, provided that the borrowing and taxing policies of the Government prevent an increase in the volume of civilian spending. The money is needed to finance additional war production; of that there can be no doubt. This war production, however, will give rise to a further increase in individual incomes and if this meant that the general level of individual spending would be raised correspondingly, then the loan would have inflationary consequences. But as we all know, the Government is striving to divert a growing portion of individual incomes toward the war effort through taxation and public borrowing, and to the degree that this policy is successful the development of inflation can and will be avoided."

### The War Effort and the "Home Front"

"Let us face the fact that greater economic sacrifices are necessary. It is perfectly true that the Government has been taking a large and growing portion of our incomes through taxation and borrowing. But the national income of Canada has been rising rapidly and, even after these substantial deductions, the Canadian people as a whole have had more to spend than prior to the war, and they did spend appreciably more on their individual welfare in 1940 than in 1939.

"The reason for this state of affairs is that we have been able to increase our production sharply and thus to provide for a rising war output without curtailing civilian or peacetime production; indeed, we have been able to increase it. It would be pleasant, but quite unrealistic, to think that we could go on financing an all-out war effort with little real sacrifice of an economic nature. There are two compelling reasons why this cannot be done. One is that we are steadily approaching a condition of full employment and maximum production and the other is that we have undertaken to go on increasing our war production and effort to the limits of our capacities. It stands to reason that this country cannot go on indefinitely producing more and more war materials and equipment, withdrawing more and more men from the productive system into the armed forces, and at the same time go on providing more goods for civilian consumption and use. Since we must have a rapidly mounting war production and larger armed forces, we shall have to forego an improving standard of living and, in a great many cases, accept a somewhat reduced one. In short, if we are to pull our full weight in the cause to which we are dedicated, individual spending must be progressively limited in favour of the war effort."

### Increased Saving a Vital Need

"My reason for stressing this point is that I do not believe it is sufficiently or widely enough understood. To many, indeed, the income tax bill payable shortly may come as a rude shock even though the increases were announced seven months ago. Some may feel that they have carried their full share by paying the higher taxes. But the truth is that after the taxes have been paid there will still remain enormous and growing sums to be raised from the citizens of Canada through borrowing of one sort or another. And if inflation is to be avoided, there is only one way in which Canadians can find the necessary money—that is by strictly limiting their expenditures and thus increasing their rate of savings.

It is thus a vital part of the war effort on the 'home front' that everyone who can reasonably economize should save more and more. For those whose incomes are rising as a result of the wartime expansion, a high rate of saving is not only the part of patriotism but also the part of wisdom, for in so building up a reserve they will be providing against the day of post-war readjustment when their jobs and their incomes may be gravely threatened.

"We all recognize that this is a 'total' war, but perhaps because our battles are being fought on the other side of the ocean we are sometimes slow to realize its full implications. One implication for those of us on the 'home front' is that, in doing our proper share in the country's war effort, we must pay, and pay as we go along—in the form of taxes, loans to the Government, or if these fail, inflation. All of us are anxious to avoid any serious inflation because it is unjust, inefficient and threatening to the very fabric of our society. Under these circumstances, we must willingly accept heavy taxation and, more than that, we must save to the maximum of our ability. It may appear that this is the hard way to finance the war. But because it combines efficiency and justice in the greatest measure, it is the best way and the democratic way."

### Assistant General Manager's Address

#### Earnings

"The statement before you shows earnings of \$1,941,330 after taxes of \$1,004,027 and after making appropriations to contingent accounts, out of which provision for bad and doubtful debts has been made. The earnings shown are \$92,000 less than those for the previous year, but these earnings are after allowing for \$445,000 more taxes than in 1939.

"Lest a wrong impression should be created by the payment of dividends at 12% per annum on our capital, it is only fair to point out that the shareholders' funds invested in the Bank's business, consisting of capital, reserve and undivided profits, averaged over \$37,000,000 for the year and the dividends paid were at the modest rate of 3% on the shareholder's investment."

#### Deposits

"Total deposits at \$269,639,000 show a reduction of \$10,000,000 for the year. Balances of the Dominion and Provincial Governments are \$9,100,000 lower and interest-bearing deposits are \$6,827,000 lower; the latter decline was caused by withdrawals by our savings customers for payment of subscriptions to the War Loans. Deposits not bearing interest, which represent balances of business concerns, are \$5,800,000 larger—in keeping with the higher current level of business generally in the country."

#### Cash Position Strong

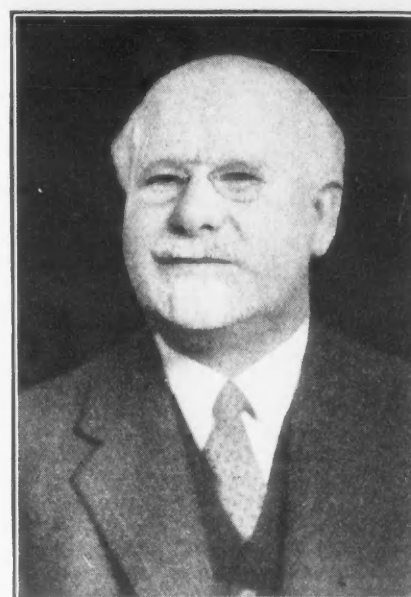
"On the assets side of the statement cash holdings consisting of coin, notes of and deposits with the Bank of Canada and government and other banks' notes total \$32,382,000, which is 11% of our public liabilities—a slightly lower percentage than was shown last year. Our other cash assets, consisting of bank balances and exchanges for the Clearing House, bring the total up to \$63,609,000, which is almost 22% of public liabilities—practically unchanged from the previous year."

#### Investments

"Total investments, which are carried in our balance sheet at prices not exceeding market values, amount to \$131,117,000, a reduction of almost \$5,000,000. We still continue to hold a large percentage of our securities in the short-term category. You will note that \$49,371,000 are in Dominion and Provincial Government securities not exceeding two years in term, which represents about 37% of our total holdings. However, we have other substantial maturities up to five years in term and 75% of our investments will mature within that period."

#### Resources Ample for Increased Loans

"Notwithstanding the increased volume of business that was done throughout the country in the latter half of the year, our current loans in Canada show a reduction of \$1,558,000 and now stand at \$93,339,000. We have participated to a substantial degree in financing for our customers, contracts for supplies of a widely diversified nature required for the prosecution of the war, but certain special, large loans, which were outstanding at the end of 1939, have either been paid in full or have been substantially reduced and the net result is the relatively modest reduction in total loans outstanding. We have ample resources to finance an increased volume of loaning business and are prepared to give favourable consideration to all legitimate applications for loans required for the furtherance of



MR. J. A. McLEOD

President of the Bank of Nova Scotia, who presided at the 109th annual meeting of the shareholders held at Halifax on January 22nd.

the country's war effort or for its ordinary trade."

#### Excess Profits Taxation

"I have already referred to the sharp rise in our tax bill. Nobody likes to pay higher taxes, but there is no doubt that the shareholders will bear this increase willingly and cheerfully, recognizing that all Canadians must do their share to meet the urgent needs of the times. Most of the increase in our taxes is a result of the excess profits legislation and the accompanying rise in the corporation income tax.

"The basis of this legislation is partly economic and partly social—economic in that an increase in profits can to a degree bear a heavier rate of taxation than that which applies to profits generally, and social in the sense that nobody is to be permitted to make unusually large profits as a result of the war. While we can all accept these principles, it should be recognized that the excess profits tax is a very difficult one to administer in an equitable manner and that in its general application it falls with undue severity upon certain formerly depressed industries. For this reason, the action of the Dominion in setting up a Board of Referees to consider applications for adjustment and the stated policy of the Government to strive for 'fairness of incidence' and to combat 'unjust discrimination as between taxpayers' is commendable and encouraging.

"It is a fact that the Income Tax Division of the Dominion is faced with a staggering increase in its responsibilities—not only with regard to excess profits but with regard to the expected million of new taxpayers under the personal income tax—and in these circumstances the businessman must accept with patience unavoidable delay in the treatment of his just tax problems. Nevertheless, one is justified in emphasizing the need for the greatest possible despatch in the treatment of corporation taxation. The efficiency of the business structure will be enhanced if tax assessments are not unduly long delayed and business is permitted to know just how it stands as promptly as is feasible."



MR. H. D. BURNS

Assistant General Manager of the Bank of Nova Scotia who presented the Bank's 109th annual statement to the shareholders at the annual meeting held at Halifax on January 22nd.



MR. H. E. PATTERSON

General Manager of the Bank of Nova Scotia, the annual meeting of which was held at Halifax, N.S., on January 22nd.



**Importance of War Savings Plan**

"I should like to refer briefly to the War Savings Campaign now in progress. The Savings Certificate Plan provides a way in which people of moderate and small means may contribute regularly and in accordance with their individual circumstances to the rapidly mounting costs of the war. The present campaign, which is largely directed toward developing such systematic saving within the framework of the business concern, deserves the fullest support not only of employees but, also, of employers, who, by co-operation and enthusiasm in advocating the plan, may contribute materially to its success."

**Wartime Control**

It is quite possible that for the most effective prosecution of the war more control and regimentation of the country's activities than we have so far seen may become necessary, but there is no doubt that once the necessity therefor is understood such control will be accepted without question and will receive the full support of every section of the Dominion. We all realize that the British Empire—which means each of us in this great commonwealth of nations—is fighting for its life and that money, profit, or life itself, will be valueless if saved at the price of freedom."

**Our Friends Across the Border**

"In this vital struggle in which the Empire is engaged we are encouraged by the growing and concrete evidence of sympathy and support for our cause from the United States—both as expressed in the words of its great President and in our own meetings and correspondence with our business and personal friends there. I should like to take this opportunity of saying how much we appreciate the whole-hearted co-operation and help of our friends across the border."

**Operations in London, England**

"Before concluding we should say something to you about the operations of our London, England, office, which

has been very much in our minds during the past few months of intensive air bombardment of London. It is gratifying to know that so far the only damage suffered has been the destruction of the windows in our premises, but having regard to the safety of our staff we have transferred the bulk of our activities outside the limits of the City and maintain at our City office only a skeleton staff, most of our business being conducted in the suburban area which we have chosen. Our Manager and staff are carrying on in the traditional calm and indomitable British manner, and it is not apparent from any of the communications received from our Manager, or from the staff, that anything particularly unusual is happening in that area. We owe the Manager and staff of our London Branch a deep debt of gratitude for their close attention to the Bank's interests under extremely difficult and trying conditions."

**Tribute to Staff**

"In Canada, and in the other countries where the Bank operates, your interests are served by a most devoted, loyal and efficient staff. The past year has made extra demands on our personnel, requiring in some cases a substantial amount of overtime work, which has been cheerfully given."

**Staff on Military Duty**

"We now have 183 members of the Bank's staff on leave of absence for military duty, which represents almost 12% of our male staff of military age in Canada, Newfoundland, Jamaica and England. In addition, we have another 99 officers who have volunteered for service and are subject to call at any time. It is with great regret that we have to report two casualties amongst our officers on military duty in the past year—one member in the Royal Air Force having been lost in action and another while training. The positions of all our officers on military service are being held for them until their return. We know that they carry with them the good wishes of the shareholders as well as those of the executive and staff."

# NATIONAL AFFAIRS

## Well, Little Men, and What Now?

BY POLITICUS

THERE must be something seriously wrong with our Canadian democracy if in time of stress it cannot throw up one man of great stature who is suited to the occasion. That was well demonstrated on Tuesday and Wednesday of last week on the floor of the House of Commons when nine provincial premiers and the Dominion prime minister met to discuss the findings of the Royal Commission on Dominion-Provincial Relations.

Britain's strength has always been that there has come, at the crucial moment, the man who can do the job. Lloyd George is only one example. Winston Churchill is another. Behind him are Ernest Bevin and Herbert Morrison. The right man for the job in aircraft is Beaverbrook. And so it goes.

In the United States in its great period of blackness there rose Franklin Roosevelt. When that country needed a guiding hand in 1932 it reached out and plucked just the right person.

Yet in Canada we have the unhappy situation where three premiers, who might as well be in the Balkans, arrived in Ottawa with a large retinue of ministers and technical experts for one purpose and one purpose only—to sabotage a conference which was to make the heavy problem of financing the war and looking after the men who return from that war easier.

One feels sick in the stomach, right down in the pit, after the two days of political manoeuvring and circus clowning that took place. The least one could expect was a fair discussion of the Report.

There was not even an attempt at it. Every move, every step, every twist of a phrase had an Ontario election in view.

An observer of the conference who had any knowledge of the men concerned and of the workings of politicians could call each move, from the prediction on the night before the conference that a wake might as well be started at once, to the prediction that Mr. King would end the conference with relief that he had perhaps taken an election issue away from Mr. Hepburn.

**Three Wilful Men**

The three wilful men, Mr. Hepburn, Mr. Aberhart and Mr. Pattullo, have a great deal to answer for. Each and every one answered the invitation to the conference with an acceptance. Each and every one brought a big delegation of ministers and experts. According to the official directory fourteen men came as delegates from Ontario. From Alberta there came nine. From British Columbia, in drawing rooms, came fourteen.

If these Canadians who cannot even sit down next to other Canadians elected by Canadians and discuss a report were as adamant against discussion as they showed, then why in the name of all that is decent didn't they write and say No, and leave it at that? Their own taxpayers paid for their jaunt, which provided nothing more than a national forum for their dislikes. When every dollar is needed to buy equipment and to build it for the men who are doing the fighting for this same triumvirate, they pour the dollars so hard earned by self-denying taxpayers down a rat-hole. And yet the country is asked to pay and pay, and save and save, and save cheerfully.

As for Mr. King, he would not have minded if the outlines of the Report had been accepted. But to give it a push was beyond him. It was even beyond him to differentiate, when he closed the conference after the three premiers made it impossible to continue on the original basis for which the meeting was called, between those who wanted the conference to continue and those who didn't.

The final touch by Mr. King came when he told the Conference that "I for one took the view that it was very doubtful whether it would be wise to have a conference in war time." And then in his usual manner placed the blame on someone else, this time his Finance Minister, Mr. Ilsley. As it turns out, both Mr. King and Mr. Lapointe were not over anxious to see the Report implemented.

Mr. Hepburn made the type of opening address that was suited, as one western representative said, for a shack in the furthest back of the back concessions at the end of a political campaign.

The old-line Liberal politicians were afraid that if Mr. Hepburn came along on the Report then Mr. Godbout would. For that good little man would not have stood aside despite the pressure on him by the professionals in the federal and provincial field. Many of those pros heaved a great sigh of relief when Mr. Hepburn used his elbows, knees, the rabbit punch and smeared the faces of his gloves across the face of the conference at the very outset.

If the failure of men, all over twenty-one years of age, to get around a table for the common good were not so serious a matter one could have a great deal of amusement out of the whole thing. For here was something that would make fighting the war much easier. Here was an attempt to place the responsibility for looking after the unemployed that had never been placed before.

It's not so long ago that young fellows rode freight cars from one end of the country to the other because every jurisdiction washed its hands of the responsibility for looking after the single unemployed transient. Those single unemployed transients had no place in this country. Many of them lost their lives under the wheels of freight trains. A great number of their companions are now in the armed forces. A large number of those young men are now overseas with the first and second Canadian divisions. What is going to happen to those who return? Is an ungrateful country going to condemn them to flophouses and riding the rods again?

This is one of the most difficult pieces to write. Here we have men at home, supposed to be providing the means of carrying on the war, being so childish and letting their personal spleen affect them so that they cannot even help but turn away from each other when an official photograph is being taken.

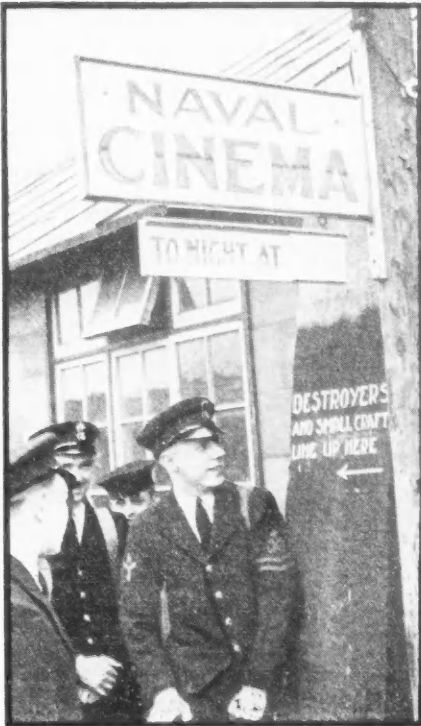
It is unforgivable in any man that he lets his personal feeling of hate for another so carry him away that he won't even discuss the problems of a warring country with that man. One is almost tempted to say that we are living in an insane asylum, not a country whose citizens are united in one thing—a complete, full prosecution of the war.

If the Report is a basis for discussion, why then not discuss it? If it is not, then the three men who might just as fairly as Mr. Hepburn said of others be called "wreckers of Confederation" could have saved time "while London is burning" and not come at all. There is no possible excuse for the trio of dissenters bringing their large staffs unless they needed props for the show they were about to put on.

As to Mr. Hepburn, of the three premiers he is the most responsible for the breaking up of the conference. One can't discuss and confer with a man who refuses to discuss and confer.

Some time ago there was an item in the newspapers that a pensioner of the last war turned over his \$20 a month pension to help the war effort.

The total cost, an unofficial estimate, of the Report was \$550,000. Mr. Hepburn, Mr. Aberhart and Mr. Pattullo can figure out in their glee how many times 20 goes into 550,000.




Sailors on leave line up outside a naval cinema. Notice the nautical phraseology of posted directions.

109th ANNUAL STATEMENT

The Bank of Nova Scotia

Capital Paid Up  
\$12,000,000



Reserve Fund  
\$21,000,000

Condensed Statement as at December 31st, 1940

LIABILITIES	
Notes in circulation.....	\$ 8,058,969.03
Deposits (other than banks).....	269,639,664.64
Deposits from other banks.....	5,874,740.93
Acceptances and letters of credit outstanding (as per contra).....	6,702,680.42
Other liabilities.....	818,868.98
Dividends payable.....	361,916.79
Total liabilities to the public.....	291,456,840.79
Capital, reserve fund and undivided profits.....	37,225,890.77
	\$328,682,731.56
ASSETS	
Cash on hand and due from banks and bankers.....	\$ 43,704,190.55
Notes of and cheques on other banks.....	19,905,081.53
Government and other public securities, not exceeding market value.....	119,881,231.75
Other bonds and stocks, not exceeding market value.....	11,235,985.93
Call loans (secured).....	5,386,172.25
Total quick assets.....	200,112,662.01
Other loans and discounts (after full provision for bad and doubtful debts).....	112,768,178.70
Liabilities of customers under acceptances and letters of credit (as per contra).....	6,702,680.42
Bank premises.....	6,114,380.34
Shares of and loans to controlled companies.....	2,350,000.00
Other assets.....	634,830.09
	\$328,682,731.56

J. A. McLEOD, President.

H. D. BURNS, Assistant General Manager.

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**Mothersills**  
SEASICK REMEDY

Prevents nausea when bus traveling. Recommended for adults and children.

## WORLD OF WOMEN

### "The Stately Homes of England"

BY BERNICE COFFEY

THOSE of our readers for whom antique furniture holds an enduring charm, won't need to be told that every piece of English furniture sold in Canada and old enough to be regarded as an antique bears a tag attesting its genuineness by the Antique Dealers' Guild.

Not long ago we lunched at Simpson's Arcadian Court with Mr. J. Albert Bennett, a veteran member of the Guild and ambassador to this continent on behalf of the British Art and Antique Dealers' export group. His visit has the blessing of the British government as well as the group he represents because the purchase of English antiques not only creates the trade Britain needs, but also serves to get to comparative safety some of the Old Country's treasures now in danger of destruction.

In appearance Mr. Bennett resembles what many Canadians like to think of as the typical Englishman. Rather portly, with a jolly ruddy face, he has a quick brisk humorous turn of speech which is reflected in his movements. He is on friendly terms with Inigo Jones, Grinling Gibbons, Christopher Wren and the brothers Adam, and speaks of them with the affectionate familiarity of a fellow craftsman who regards them almost as contemporaries.

When he is at home in England much of Mr. Bennett's time is devoted to the remodelling of old English houses—a task which is apt to be enlivened at times by the most piquant surprises. For instance, in a house where the decorated plaster ceiling was the subject of operations the design had been carried out in a delicate pearl motif. When this was torn down it was found that thousands of peas coated with plaster had been used by the workmen of heaven-knows-how-many-years-ago in the design. On another ceiling centered by a handsome laurel pattern real laurel leaves dipped in plaster had been used.

One of the commonest remodelling problems is that of fitting extra bathrooms into houses of twenty or more rooms which heretofore have got along very nicely with one bath. That

this generation is not less romantic than others is evident by the secret panels and doors Mr. Bennett sometimes is requested to incorporate into some remodelled houses. While the English have come around to the idea of more bathrooms per house they still cling to the old heating methods and central heating has not made much headway even in the new houses—perhaps because most of these are being built without cellars; perhaps because of economic reasons. Mr. Bennett frankly confessed that one freezes half the time in the damp and that he, for one, takes a sybaritic delight in the generously heated rooms of Canada and the United States.

#### And After —

According to Mr. Bennett the greatest loss caused by the bombing of old buildings has been in the destruction of the interiors and the consequent loss of magnificent wood carving and plaster work. The passing of many landmarks such as Wren's churches is regrettable but not grievous because they are almost bereft of congregations owing to the move of the population to outlying districts. Mr. Bennett believes that instead of these churches being rebuilt where they stood they will be erected in replica elsewhere where needed. Nor does he think it likely that London will be completely rebuilt. He bases this opinion on the fact that destruction has not been general except in the East End. "London is like a set of teeth with a tooth missing here and there," is the way he describes it. The gaps, he intimates, will be filled in when reconstruction begins after the war. In such districts as London's East End and cities which have been laid waste, such as Coventry, it will be possible for town planners to begin with a clean slate. And Mr. Bennett repeated the remark made by the mayor of that city, "At last Hitler has done something that we couldn't do."

Incidentally, the blitz has demonstrated that bombs make a mince-meat rubble of old buildings. New buildings may suffer damage, but they don't collapse.



A grace note in barbershop harmony is supplied by this crepe blouse in spanking-fresh red and white stripes. Soft shoulders and full sleeves gathered to tight cuffs are details which will endear themselves to those whose spring wardrobes include tailored suits. T. Eaton Co.

#### The Spring Touch Now

Prettier than ever is the new Spring neckwear! Midseason dresses with exquisite lingerie touches are already setting the smart flattering fashion for the coming season. Large yokes, sailor collars, and revers of fine, embroidered organdies, linen, pique, and batiste trimmed with dainty fine laces are the Spring fillips for basic dresses of winter.

Mrs. Harrison Williams, America's No. 1 Best Dressed Woman, has been photographed several times at meetings of the Greek War Relief Committee wearing a black satin daytime dress with stand-up collar tied at the throat and matching cuffs of fine white lace and embroidery.

The deep yoke—a shape particularly good for this time of year as it is adaptable to any type neckline—is appearing in fine Alencon lace, in tucked batiste edged in pantie embroidery, in embroidered pique and linen—any one of them a delightful feminine touch presaging Spring.

Sailor collars assume new aspects and new importance along with the popular nautical themes of today. These are made in a great variety of materials and interpretations. For daytime there are crisp pique versions embroidered in bright red scrolls; sky blue embroidered in navy scrolls. For afternoon frocks there are fine embroidered batistes and linens edged in Val lace. And for dinner dresses there are elegant sailors



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of mousseline de soie with deep border of finely fluted Chantilly lace or exquisitely embroidered organdie trimmed with Val lace.

This season there are many specially designed "dinner collars" made to fit the extremely deep, narrow V neckline which appeared in all important collections. They may be large lace and embroidery revers or sailors' with V fronts.

Some of the new sailor collars have the square sailor effect in front, cut to fit V neck dresses, with round or oval contours in the back. Others drop in deep squares to back and front. One large sailor that is smart

for a suit is made of crisp white birdseye pique with cartridge pleated pique edging it—this one in regular middie-collar shape.

### Well, Well, Welsh!

There were two air-raid warnings during the last big fashion show in London—but the show went on, says a letter which came by Clipper from Elspeth Huxley.

Latest models, new styles—all that may seem frivolous when bombs are leaving so many homeless and without any clothes at all. But it isn't, really; for new styles are a war



Lemon-yellow crepe flashes sunny color in a dinner gown worn by Bette Davis, star of "The Letter." The abbreviated jacket has sleeves in a new short length, is accented with gold thread embroidery, and reveals V-shaped embroidered waist of dress. Photo courtesy Warner's.

weapon now. They're an export, and a growing one. Some of these new models we saw in London last week will be going to you in America; if you like them, and buy them, the money you pay will be used by the British Government to buy planes and guns.

What's news in fashions now? Well, what "got" most people was Paquin's startling use of Welsh home-spun flannels for chic two-pieces and ensembles. Have you heard of the red flannel petticoats the ladies of Wales used to wear and still do, in some of those remote and lovely mountain valleys of Wales? Or the "miners' checks"—red, white and black in broad, bold stripes? They're all home-made; Welsh mountain sheep provide the wool, fine and pure; little mountain mills, running by water-power from the streams, spin the yarn and weave the cloth; the dyes come from the mountain-side too, wild vegetable dyes like whortleberry and certain kinds of moss.

### Old Craft in New Frocks

All this goes on just as it used to, hundreds of years ago. The little mountain mills still weave the Welsh flannel and cloth, home-dyed, and Welsh women wear petticoats and blouses made from their own wool, like as not. . . But nobody ever thought of using these pure, warm, unusual materials till Paquin came along, saw the flannels, felt inspired, and produced the smartest imaginable costumes and coats out of it.

Paquin has used the weave very cleverly—the broad, vivid stripes in black and red go horizontal in the skirt and vertical in the coat, with a touch of diagonal now and then to complete the pattern. The effect is bold, striking, and ultra smart. And Paquin hasn't just stopped with Welsh flannel. The whole ensemble is as Welsh as the leek, or the Eisteddfod. . . With their red flannel petticoats the Welsh women used to wear, tall black hats like the hats worn by witches on broomsticks in our childhood's illustrated books. Now these hats appear in Mayfair, quite transformed little black conical affairs perched on the top of the coiffure, with a wisp of veil. . . They've come a long way from the Welsh valleys with Paquin!

And the Welsh motif even extends to the buttons! On the suits of miners' check are the cutest little



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black buttons in the shape of Welsh kettles—these big heavy kettles (Tea) that steam forever on the hob ready at any moment of the night or day to make a pot of strong black tea such as the sturdy Welsh farmers love. There they are, in miniature, on the gay striped costumes.

The original Welsh mountain dyes have been used to make these flannels, and here again Paquin's thoroughness has been shown. If a piece

of flannel is dyed with a whortleberry dye, then the buttons of the suit are in the shape of whortleberry too. The whole range of models is an essay in Welsh history and dress; and as a result of enterprise, many little mills in remote and poor valleys that were wondering whether the war wasn't going to put them out of business for good and all, are working overtime to fill the biggest contracts they've ever had in their lives.



Jersey is the perfect medium for this type of bodice drapery. The rather low V-shaped line of the waist (repeated in sleeves) was among the last things launched by Vionnet. Even the color, iridescent blue, is evidence of this designer's inspiration. Massive jewellery is in perfect taste with its quiet elegance. From Robert Simpson Company.



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# AT THE THEATRE

## The Great Armenian Drama

BY LUCY VAN GOGH

MR. WILLIAM SAROYAN, winner of both the Critics' Circle award and the Pulitzer award for 1939-40 with "The Time of Your Life," currently performing at the Royal Alex., is unquestionably a gentleman with strong feelings about life, and especially about Vice Squad detectives who beat up innocent alcoholics and order equally innocent prostitutes to take off their clothes. (One should not beat up alcoholics, of course, nor even striking longshoremen; but prostitutes must have to take off their clothes so often in the way of business that we are always a little surprised at the indignation of young dramatists when they have to take them off to oblige the police.) Mr. Saroyan has also a very fertile imagination, with which he decks out his strong feelings about life and vice squad men until he apparently gets them shared by the Critics and the Pulitzers and the Theatre Guild and Theresa Helburn and Lawrence Langner (supervisors of this production) and almost everybody. It is true that he could not get them shared by us, but that proves nothing, for we are the original theatre-goer of the 'nineties, and we have been seeing the police take advantage of the innocent streetwalker, and harsh authority do in the helpless alcoholic, and the banker ruin the poor old farmer with a mortgage

lived either in *forte* or *fortissimo*; it makes the music, which is soft, sound very restful. Mr. Saroyan is an Armenian. The Armenians seem to get an odd view of the life of the English-speaking peoples both in England and in America. There was "The Green Hat." But whatever view they take, they take it with gusto.

Mr. Dowling, we note, also staged "Hellzapoppin," which of course was not about anything. We hesitate to suggest that "The Time of Your Life" is not about anything, but it is a coincidence. Also, next to "Hellzapoppin," the Saroyan piece is the noisiest thing we have ever heard on the stage; all the dialogue is de-

livered either in *forte* or *fortissimo*; it makes the music, which is soft, sound very restful. Mr. Saroyan is an Armenian. The Armenians seem to get an odd view of the life of the English-speaking peoples both in England and in America. There was "The Green Hat." But whatever view they take, they take it with gusto.

Bette Davis who is appearing currently in Warner Brothers' "The Letter".



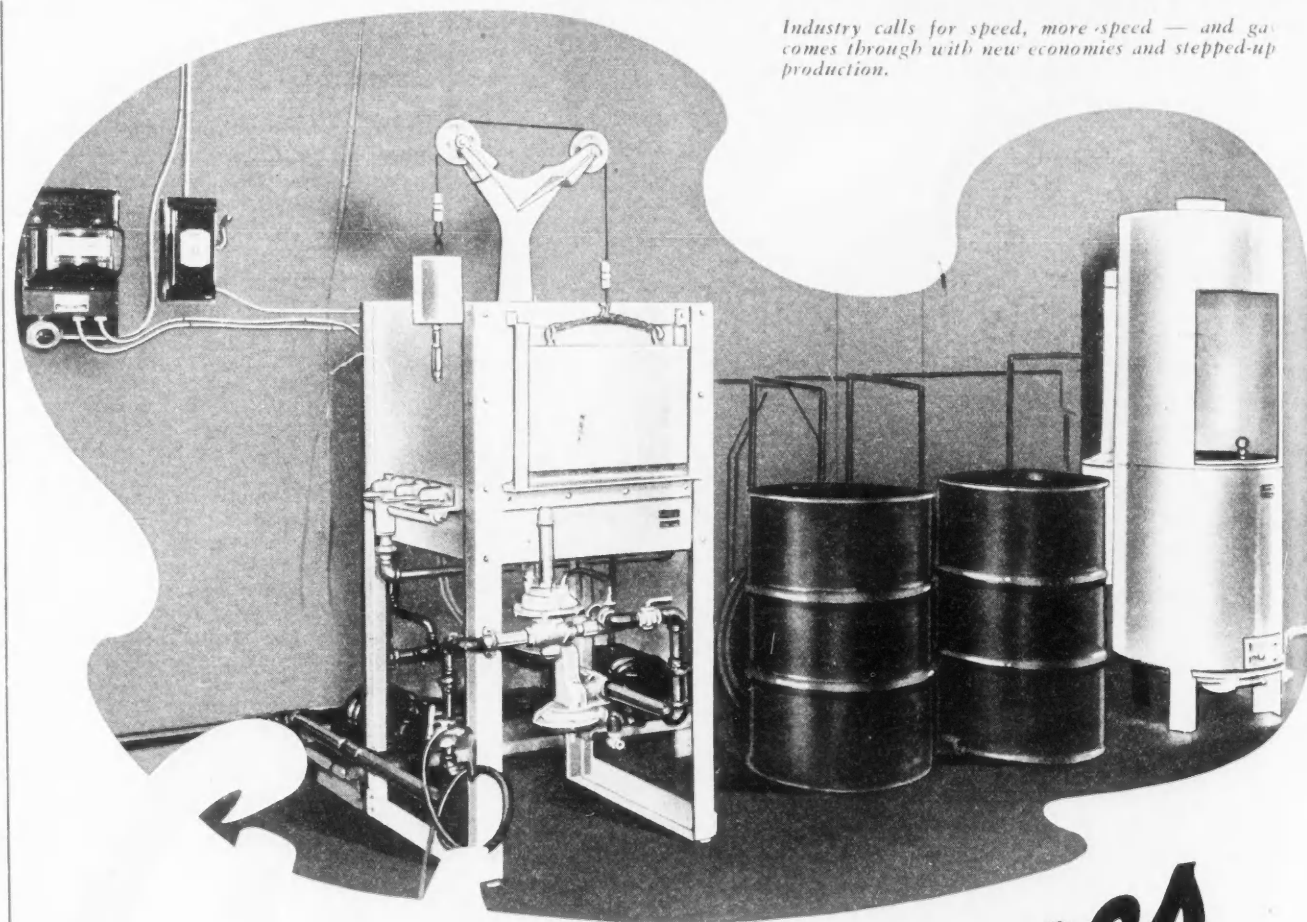
MASSEY HALL : TUESDAY EVENING, JAN. 28

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Florence Reed, who will appear in Emyln Williams' comedy - thriller "Night Must Fall", coming to the Royal Alexandra, Toronto, for a week beginning Monday, February 3.



THE case of the Complicated Hussy has always fascinated Somerset Maugham, as it has Miss Bette Davis. So when the two get together in a study of the species you can always look for something highly revealing and exciting. The shocking Mildred in "Of Human Bondage" and the cool and ladylike Mrs. Crosbie of "The Letter" are widely separated by tradition and class but they belong to the same sorority. Author Maugham knows exactly how to handle the species, and so does Actress Davis; and their talents never conflict.

"The Letter" is a study in psychopathic evil, worked out largely in terms of discussion with a minimum of action. The direction is leisurely and occasionally monotonous with repetitive shots of a cloud-wracked moon and the oblique shadows cast by slatted venetian blinds. All this may sound a little dreary from the point of view of screen entertainment, but actually "The Letter" is almost continuously dramatic and absorbing. For all its discursiveness the ominous quality of the film is never dissipated in talk, for the dialogue itself in every line is weighted with menace and fear.

Where action is so largely discounted however almost everything depends on acting; and the acting in "The Letter" is superb, particularly in the quiet deadly interviews between Mrs. Crosbie and her lawyer (James Stephenson). The interest here is almost exactly balanced between the acute and wary questioner and his baffling client. James Ste-

phenson's performance is always beautifully under control. And though he scarcely raises his voice above conversational level the sense of horror, shock and rigid distaste is unerringly conveyed. As for Bette Davis she manages as pretty a Jekyll-and-Hyde study as the screen has ever given us. Her poised plantation lady and psychopathic killer are not only consistent in themselves but consistent with each other; so that the gentle Mrs. Crosbie busy over her crochet work becomes in the end almost as ominous a figure as any *tricotouse* of the French Revolution. It wouldn't have been at all hard to imagine Mrs. Crosbie calmly crocheting the name of her victim into her innocent-looking bedspread.

The screen version of "The Letter" contrives a different ending from Somerset Maugham's. Mr. Maugham let his heroine off with acquittal and a bad conscience, but apparently the screen authors felt that movie audiences would demand something more final by way of a payoff for behavior as odious as Mrs. Crosbie's. I'm not sure that the present ending will appeal to Mr. Maugham whose sense

BY MARY LOWREY ROSS

of design and order in story writing doesn't include the moral order. Fortunately Bette Davis's talents are so extraordinary that it is no trick at all for her to turn a rather obvious *mort de convenance* into high inevitable tragedy.

ONE of these days all the popular operettas will be used up and then I don't know what Jeannette MacDonald and Nelson Eddy will do since nobody seems to be writing operettas any more. Probably start the whole cycle all over again. In the meantime I'm afraid I've been spoiled by easy-going singers like Bing Crosby or those languid girls who just lean against pianos and muse away agreeably about their broken hearts without seeming to notice they are taking the public into their confidence.

There's a great deal of singing in "Bitter Sweet," the latest MacDonald-Eddy collaboration. Mr. Eddy even goes on singing, out of a cloud at sunset, after his death, which turns out to be merely a minor interrup-

tion. There's a lot of plot too, and any amount of shattering technicolor, and Miss MacDonald, though reduced to gnawing a crust in an attic has more frocks with matching hats than you will find in a cut-out dolly's wardrobe. It's an eyefull and an earfull and obviously gotten up as a Grade A production. Maybe I was just in a B mood.

JEANNETTE MacDonald and Nelson Eddy are the screen's most inseparable pair and I only wish Fred Astaire and Ginger Rogers could be half as faithful. Ginger Rogers and Fred Astaire dancing to Irving Berlin's music is my choice for any evening. Or Ginger Rogers and Fred Astaire dancing to any music. Or even just Fred Astaire, so long as he isn't so tangled up in plot that he can't get free to dance.

There isn't enough dancing in "Second Chorus" and Paulette Goddard as the Astaire dancing partner suffers inevitably by comparison with both Rogers and Astaire. Burgess Meredith turns up rather surprisingly here as a comedian, and his comedy, though faintly melancholy, has a wry sideways quality



The dancer shown here is a member of Col. de Basil's "Ballet Russe" which comes to the Royal Alexandra Theatre, Toronto, for a week, beginning Feb. 10. More than any other organization, the "Ballet Russe" upholds the traditional excellence of the former Imperial Russian Ballet.

that makes it interesting to watch. Then in the finale Fred Astaire has a superb dance solo that makes everything right and sends you off feeling you've had a fine evening after all.



## MUMMY, WHAT CAN WE DO TO HELP WIN THE WAR?

THIS is a peaceful scene, isn't it? To keep it peaceful, men and women are giving their lives in the far corners of the earth. Airmen of surpassing courage are setting off in the darkness of night to keep the lights burning. Sailors are holding the sea for the Empire. Soldiers are carrying the war to the enemy and defending the heroic Isles. Civilians are suffering the terror at its worst.

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The answer to her question is so simple, even she can help. But it's so necessary that everyone must act. The answer is lend...lend...lend. Canada asks only the use of your money to equip the men, to pour out the munitions, to build the ships, to hurry out the planes...to guard your home. Today is the day to start buying War Savings Certificates.

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## THE BOOKSHELF

CONDUCTED BY ROBERTSON DAVIES.

### A Model for Biographers

ROGER FRY, by Virginia Woolf. Macmillan. \$3.50.

AN AUTHOR could hardly accept a more difficult task than that of writing the life of a friend who was himself a writer. Virginia Woolf has overcome the emotional and technical problems implicit in this situation with great tact and skill, and her book about Roger Fry is among the finest biographies that I have read.

A life of Fry is necessarily a history of art in England in his time; this is presented as it affected the painter and critic and as it was affected by him. In addition to this central theme there are several side issues which all throw light on the character and development of this remarkable man. There is the undergraduate solemnity of the society of Apostles at Cambridge; there is the immensely diverting account of Fry's relations with the unspeakable Pierpont Morgan, that tycoon to end all tycoons; there is the story of the vicious personal attack on Fry caused by the first English exhibition of Post-Impressionist painting led by Henry Tonks and other members of the English, or No-Impressionist School. There is a partial, but charm-

ing description of that much-discussed philosopher and Fry's life-long friend, J. E. McTaggart. And there is the heart-breaking story of Fry's devotion to his wife Helen through anxious years until her incurable madness put an end to his private happiness, leaving him dependent on the aesthetic happiness which he found in his work.

The first great virtue of this book is that it is unpretentious. There is no attempt to glorify Roger Fry and to make him appear more than he was. Virginia Woolf is conscious that her friend was no Titan; he was a sensitive and cultivated man who became the foremost art-critic of his time, and his life was a work of art so far as it lay in him to make it so. His greatness was of the spirit; his struggle was against forces unseen and unrealized by most of his fellow-men; he was a passionate pilgrim, striving for greater aesthetic sensibility himself in order that he might increase that of others.

The second great virtue of this book is that it is compact. In just under 300 pages we are given the whole life of Roger Fry without padding and without undue compression. One feels of this book as one can of so few, that it is exactly the right length.

The third, and perhaps the greatest virtue of this book is that it is objective. Virginia Woolf knew Roger Fry intimately for many years, and although she writes of him with affection and understanding she never allows these qualities to trick her into an attempt to interpret or defend him. She has chosen to write this biography in the most difficult, because the most simple manner. The narrative moves smoothly but inevitably from start to finish; we watch Fry grow from an excitable child in a stern Quaker home into a sensitive schoolboy at Clifton, then into a serious Cambridge undergraduate, and so into the great critic and able painter, the defender of the Post-Impressionists, the author of *Vision and Design* and *Transformations*. He reveals himself in his letters, at first so clumsy and ill-expressed, and later so fluent, vivacious and wise. But always the subject of the book is Fry, and Virginia Woolf remains discreetly hidden in the background.

Only a great literary artist could write such a book about a friend. We expect fine work from Virginia Woolf, but that does not lessen our delight or our gratitude when it comes. This book can be recommended without qualification to anyone who enjoys fine biography, and this book may stand for a century as a model of what a biography should be.

### Great Canadian

BY H. DYSON CARTER

FESSENDEN, BUILDER OF TOMORROWS, by Helen M. Fessenden. Longmans, Green. \$3.75.

THIS is the story of the man who, in November 1914, showed Britain how to win the World War by having Canada build 10,000 bombing planes; the man who made radio practical; the man who was consulted by King Edward VII, to devise a detector system that eventually took the sting out of Zeppelin raids; Reginald Aubrey Fessenden, perhaps the least known and certainly the outstanding man of science and invention ever born in our country.

Fessenden's story is told by his wife. But this reviewer took trouble to check with impartial sources. The tale set forth is the truth. It is shocking truth. Fessenden is not merely a biography, but a political, economic and social document of critical importance to the democracies now.

Fessenden saw the crossroads ahead. We have reached them. This is a science war—but exactly

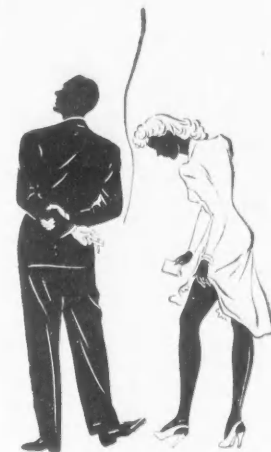
what is Science doing for us? Is "research" the thing we need to smash Hitler? Has "research" done anything about the submarine menace? What is happening to our economic system behind the brilliant and expensive show fronts of the great laboratories?

The record is here. It should please every biography fan. Here is a fighting life well told. Above all Fessenden was a fighter. He wouldn't lick boots, though some of the world's shiniest were offered to him. And he had a wife who could round up sheriffs and gunmen when modern outlaws rode over the hill to steal her husband's gold mine—his files and proofs of great inventions.

Fessenden is the undisputed inventor of modern radio transmission and reception, his work far outranking that of the publicity hound Marconi. He personally conducted the world's two first radio broadcast programs, Christmas and New Year's eve 1906. A long list of inventions, many of them still in use, were his brain-children.

Fessenden was of Kentish stock. In 1914 he went from the States to volunteer his genius for England's war. The men we have with us today must have been around even then, for one of them said: "Well, Fessenden, ninety-five per cent of a man's time is taken up fighting things through against other men who are trying to block him." Fessenden replied: "I know nothing of the sort. Not five per cent of my time is spent that way. You men are in hell and don't know it." Later he found that these fellows were not in hell, but simply in control, and profitably too. Edison wrote him: "You are not the only one being turned down. Up to date everything I have done has been turned down and I think this is true of all others."

Fessenden's opinion of "research" is too pungent to abstract. In distinguishing research and invention he strikes at the root of our economic degeneration. Because his ideas are born right in the book, from his experience, they challenge and convince.



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LOVE AND NEED, Collected Poems 1918-1940 by Jean Starr Untermeyer. Macmillan. \$3.50.

THE publication of a volume of collected poems is a step which a writer is only likely to take when he feels that his work is done, or at least that an important phase of his development is completed. The poems which Mrs. Untermeyer presents in this book include the contents of her earliest book, *Growing Pains*, which she published in 1918 when she was 22, and all her significant work written since then. The book is handsomely produced and printed, and no serious student of American poetry

## THE BOOKSHELF

### Cold Blows the Wind

BY SPIRIDION FLETCHER

between the two Wars can afford to neglect it.

Please notice that I do not recommend this book to all readers, or even to all lovers of poetry, and please

notice that I refer to the period between the two Wars as a literary era now completed. As far as the writing of poetry is concerned I think that this is so, and indeed I hope that it is so. The era between the two Wars was a time when the Muse was sick, near to Death some pessimists said, but most of us knew that she was immortal; although in that bitter period some honest poets wrote, the verse which attracted most attention was written by honest, if confused, political theorists who were not poets, or by persons whose livelihood depended upon an artificially prolonged and publicly experienced adolescence. I can say this in a review of Mrs. Untermeyer's book because she never followed the fashion and wrote honestly in her own way; but alas, honesty is not everything and I fear that most readers would find her work cold and forbidding.

Mrs. Untermeyer has written from the mind, and not from the heart, and it is of no avail that her mind is profound and compassionate. Her words find response in the minds of her readers; response, but no echo. It is only by an effort that one can recollect a line of her verse; she is an able prosodist but she despises the charm of words arranged in pattern for the sake of pattern or euphony alone. Hers is a severe, puritanical song.

This would not matter if the astringent lines carried a burden of thought which had universality of in-

terest, but that is not so. The thought is removed, personal and chilly. When Mrs. Untermeyer seems to shake with passion an earthy reader might easily think that she shivered with cold. She is preoccupied with Death, Remembrance and Self-Justification, admirable matter for a poet, but better suited to a poet less austere of heart than she. Great poetry may leave the reader pensive, melancholy or grave; it never leaves him depressed.

The foregoing remarks must not be taken as a condemnation of Mrs. Untermeyer's book; writing poetry is a supremely difficult task possible only to a few, and if she has not succeeded fully she has certainly gone farther than most of her contemporaries. Her greatest enemies were the age in which she lived, the influence of which she has not been strong enough to overcome, and a poetic integrity which gave her work chastity at the expense of warmth.

IN BUSINESS AND SOCIALLY...

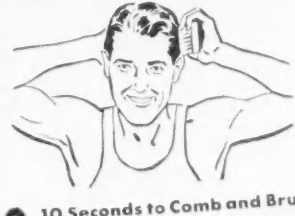
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## You Can Believe Almost Anything

BY WESSELY HICKS

YANKEE REPORTER by S. Burton Heath. Longmans, Green. \$4.

IN *Yankee Reporter* S. Burton Heath has presented a highlighted account of 25 years in the newspaper business; twenty-five years which stretched from a country newspaper of 300 circulation and an advertising linage of only 240 column inches, to one of the largest of the New York dailies with the largest advertising linage in the United States.

The early parts of *Yankee Reporter* are devoted to the author's boyhood in Vermont and the time spent with the American army in France. We found that these chapters compared very advantageously with many nostalgic reminiscences we have read. Mr. Heath brings a new crispness and a fresh humor to what might have been just another story about a Yankee boy. Sometime when he pauses long enough to lose his brisk reportorial style and acquires the gentler and more leisurely flow of the novelist or autobiographer, we would like to see Mr. Heath spin this first part of *Yankee Reporter* into a full length book.

Because Mr. Heath is essentially American, his book will have a great deal more appeal to Americans than to Canadians. Even so, we found ourselves engrossed in it. For several years now he has been the New York *World-Telegram's* watchdog of public offices; he himself admits that he might be called a muckraker but claims that muckraking is extremely necessary in politics-ridden New York.

As a top-notch newspaper man with an unusual political sense, Heath has known the great and near-great of American politics; he speaks casually of LaGuardia and Dewey and Roosevelt and Willkie and lunches with Governors and dines with Justices. He has had a finger in the making of more than one political career.

One chapter in *Yankee Reporter* is a revelation. It is the story of a great newspaper, convinced that a public servant is corrupt, and determined to oust him. The public ser-

vant was Martin T. Manton, presiding justice of the Federal Court of Appeals for the Second Circuit and as such the nation's highest jurist next to the Justices of the Supreme Court of the United States. Heath spent two years working on that case; two years in which he went unquestioned by his editors who put no pressure on him and asked for no accounting of time spent. At the end of that time, with Thomas Dewey and the Federal Bureau of Investigation, the *World-Telegram* broke Manton and saw him sentenced to a long prison term. You could pay three cents for a newspaper like that and not feel cheated if the comics didn't live up to expectations.

And then there is one chapter—the second to the last—called "A Free Press." It should be required reading for every editor and every publisher and every newspaper executive. To the advertising sales department Heath says: leave the editing of the newspaper to the men best

qualified to do it—the editors. If a story needs to be told, then tell it, even though it offend your best advertiser. For, says Mr. Heath, a courageous newspaper seldom suffers for its courage. A newspaper which debases and prostitutes itself bears the mark of its profession and carries little weight with its readers.

To editors Mr. Heath recommends the slogan of the Scripps-Howard papers: "Give light, and the people will find their own way." Freedom begins with an earnest, honest press which is conscious of its responsibilities. And, after a quarter of a century in the profession, Heath asserts flatly that you can believe almost everything that you read in most newspapers; except for a few journalistic vehicles of distortion, newspaper departures from fact are unintentional and are regretted as much by the publishers and editors as by the readers.

On the whole, *Yankee Reporter* is almost a newspaperman's book for newspapermen.

## Gallimaufry

THAT compendious and invaluable book *The Canadian Almanac* (Copp Clark, \$7.00) has arrived at this office; it would be quite impossible to calculate how much time is saved for busy men in the course of a year by this work. Persons of romantic temperament may be interested in the long list which is given of Canadians who possess titles and honorifics of one kind and another. Considering the size of our population, we have as many noblemen and otherwise distinguished people as any eighteenth century petty court. Our oldest Canadian title is that of Baron de Longueuil, which dates from the French tenure of this land.

"SWEET are the uses of advertisement" as Shakespeare might well have said if he had thought of it. Here is something in the poetic vein from *The Johannesburg Sunday Times*:

*A book not old or new,  
With details quite a few,  
Of folks you know and knew,  
Is just the thing to view,  
So have a look now do,  
There's trade and business too,  
A guide unique and true,  
Compiled for use by you.*

SOUTH AFRICAN WHO'S WHO.

Doctors and historians will be interested in *The Romance of Medicine in Canada*, by Dr. J. J. Heagerty (Ryerson, \$1.25). It is also a book which might be placed in school libraries to correct some of the ideas which must inevitably arise from the study of a single volume of Canadian history. The most interesting part of Dr. Heagerty's book is his admirable chapter on Indian medicine. He completely dispels the idea that Indian healing was a matter of superstitious observance.

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Friends in Britain

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BAGS

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FOR EMERGENCIES





Make your own  
**Viyella**  
TARTAN DRESS  
AUTHENTIC SCOTTISH TARTANS  
UNSHRINKABLE WASHABLE - COLORFAST  
36 inches wide. At all leading stores or write  
Wm. Hollins, Ltd., 266 King St., Toronto

GETTING in the groove spells success to a swing musician; to an artist it spells disaster. Once the artist hits a formula, it becomes as monotonous to his audience and as demoralizing to him as the parrot cry of a jammed phonograph needle. In fact, you might go so far as to say that the man who succeeds in hitting a formula is no artist, for the true artist, though he may find an idiom, goes on developing within the framework of that idiom till he dies. Such an idiom has been found by David Milne. A couple of years back, some of Milne's critics—especially

## ART AND ARTISTS

### A Silk Purse From Anything

BY GRAHAM McINNES

those who mistook his economy for emptiness—got the impression that he was in a groove. As it turns out now, he was merely pausing for breath before leaping ahead to a new vision.

It may sound strange to describe so deliberate a man as Milne doing any leaping. But even as those who know him detect beneath his dour exterior the deep fires of the creative spirit, so those who examine his work have found beneath the apparently precise ordering, the flash of romantic vision. Thus, this new development should not come as a surprise. Yet somehow it does.

Before these rich loose watercolors at the Picture Loan Society, Toronto, you feel completely taken aback—in a very pleasant way. Perhaps the

surprise is due to the fact that Milne, deserting his northern lake, should have found in Toronto itself such deep inspiration. Drab are the originals from which he draws his fires; but, like any true romantic, Milne's heart does leap up when he beholds—not a rainbow in the sky, but a Methodist church silhouetted against a gasometer, a huge neon beside a brewery, power pylons near Sunnyside, and the Parliament Buildings. All of which goes to show that a true artist can make a silk purse out of anything.

These new watercolors are almost impish in their gaiety, and all of them have a freshness and freedom that contrasts quite sharply with the almost static patterns Milne used to

make out of rock, tree and northern lake. Yet the contrast holds within it strong threads of similarity. Though these new watercolors have the abandon of the best baroque (it's not out of place to compare one or two of them with the drawings of Guardi and Tiepolo—or, more nearly, Dufy), that abandon is made possible only by sober and solid organization. If you look at the study of St. Michael's Cathedral, for instance, you will see that the thick, swashbuckling washes are built into a strong linear design. It is the old story of the artist who has attained complete self discipline being able to take liberties which would end in disaster for the tyro. Milne's basic assumptions are always artistically sound, so that what would be in another irrelevant gingerbread, becomes in him a new lightening of tone.

At the galleries of the T. Eaton Company, Toronto, there is a small showing of paintings by contemporary Canadian artists. Note especially John Alsen's liquid oil of a young lady in a black dress, Leonard Brooks's smooth winter landscapes, and a fine strong canvas from the treasure chest of A. Y. Jackson.

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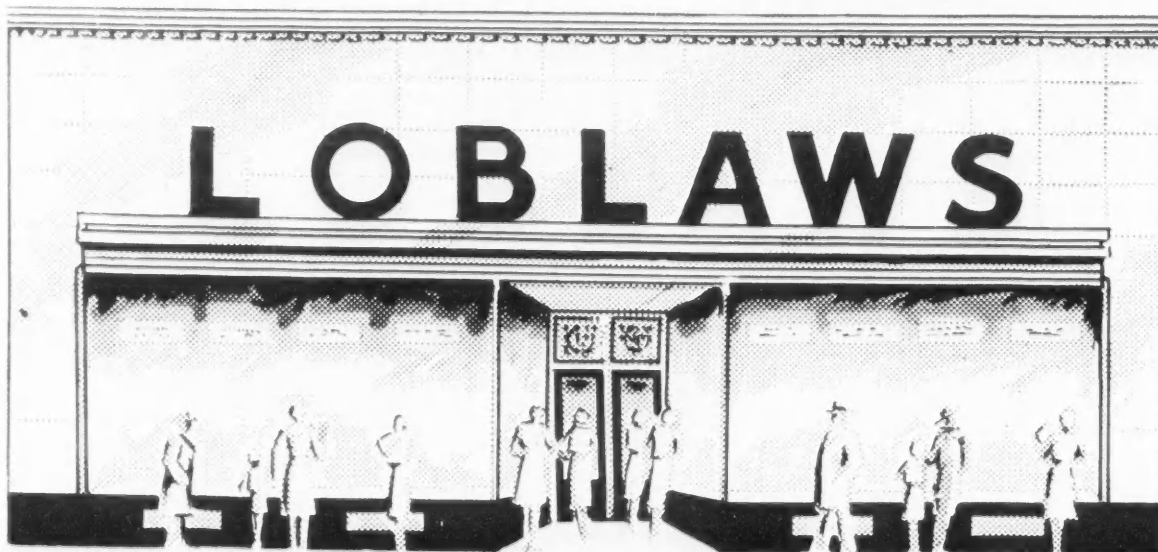
# LOBLAW'S

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Loblaw's contribution to Ontario's prosperity and war effort in maintaining the highest standards of merchandising and the distribution of millions of dollars' worth of Canada's farm and factory products, together with the annual payment of thousands in wages and taxes, is in itself a worthy development synonymous with the growth of Ontario's business and industry.

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Head Office: Toronto, Ont.

## THE CAMERA

### Photography a Scourge?

BY "JAY"

THERE are a couple of letters which I must answer this week. One is from a reader, who, says he, "is so fed up with the rantings and the ravings of the demented pest calling himself a camera artist" that he sent me a copy of an article written, according to him, by a well-known author altho' he does not name the well-known author. Here is part of the article.

"Amateur photography runs a close second to any other scourge of humanity. I am not concerned with its capacity for converting any happy human gathering into a huddled and self-conscious group. But travellers should be warned against its aptitude for reducing any memorable scene into its own dismal shorthand. Show it a wave, a rock, a group of trees, and it will give you back trees, rock and wave reduced by science—not by art—to their lowest common denominator, neatly deprived of anything that makes them memorable."

Well well, is my face red! Especially after the things I have said about the art of photography. Yet by golly I still say them, and I am going to say them as long as I am accorded the privilege of expressing my thoughts in public.

I CAN see some reason for this reader's objections to our hobby. Photography is one of the best advertised things we have today, and most all of the advertisements make much of its so-called simplicity, and because of this fact there are millions of men and women, old and young, who call themselves amateur photographers. A lot of them make pests of themselves, and their work proves the power of the punch in the advertisers' pen when it says "It is all so simple."

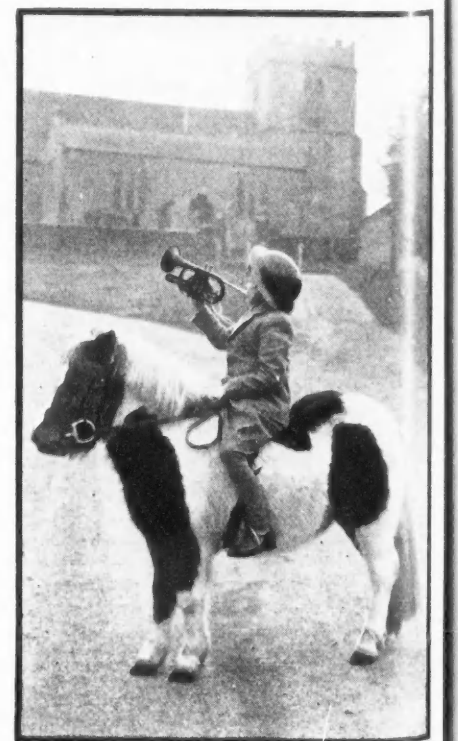
Simplicity does not engage the mind or the intellect. To make pictures through the medium of photography requires mental energy and a lot of good taste, coupled with a keen judgment. I like the words of that great photographer F. C. Tilney, F.R.P.S.

"The path of the pictorial photographer is not a flowery one. There comes a stage in his career when he becomes so attuned to the beauties of nature that he revels in them for their own sakes rather than as potential subject-matter for photographs. Sometimes this stage makes the parting of the ways. More than one photographer has at this point abandoned the camera and become a painter of repute. Many hundreds doubtless have become artistic in the narrower sense of the word though they may not have actually painted

pictures. It is to these, of course, that our very best pictorial work is due; for the reason that they have become critical and fastidious, readily responsive to the lure of beauty and the charms of design and lighting which Nature presents on all sides for those who have eyes to see."

SO SPEAKS Mr. Tilney, and I give to my reader his words because I think that if he will study them ever so little, he will perhaps tolerate the innocent foolishness of some camera carriers and enjoy the work of those who capture, on the wing as it were, those fleeting joys of Nature which are things of beauty forever.

Now my second letter is in happier vein. A lady in Calgary who was visiting Toronto at the time of the last "Pictographers" show, wrote expressing her pleasure received when seeing it. She highly commends SATURDAY NIGHT for its interest in photography, and more especially in the encouragement given to amateurs, and she concludes her letter by writing, "Surely in these days when we are passing through unparallelled torture photography can be a means of relaxation." Cheers and good pictures.



A tiny Berkshire, England, village has no siren, so this 14-year-old sounds the warning from pony back.

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# CONCERNING FOOD

## "The Bloom of Youth"

BY JANET MARCH

YOU'VE seen her often in the chain store standing usually in front of the shelf of canned food with an absent expression on her face. She is a mother trying to think up an appetizing supper for her two smallish children, one of whom hates the yolks of eggs and the other the whites. "Spaghetti" you can hear her murmur sadly, "they call it worms and we've had it twice this week." At this point she turns towards the meat counter and the well loved "hot dog," keeping the whole thing a secret from her children's doctor and hoping not to have to get up in the night to ward off a nightmare which includes snakes, lions and bulls.

For her deliverance there has been written a brand new cook book, and it is a sure fire success as a present to any mother. Its name is "Young Food" and it is by Helen Train Hilles who wrote a cook book for adults called "To the Queen's Taste" which has become well soiled in the service of the March family—you can rate the worth of a cook book by the marks on it. This is not a careful dietary book with the calories numbered, nor does it work out what little Johnnie, who is allergic to all the better foods, can live off. Diabetic measurements find no place in its pages. It's just for ordinary healthy children who like the usual things.

Helen Hilles writes for the household which navigates with one maid and so has to make both time and money go as far as possible. She gives you about three weeks of menus for the whole family, and when the children have had beets for lunch one day you have Bortsch for dinner the next. This is the sort of intelligent planning which too few households use, and yet on paper it looks so simple. Why waste gas or electricity cooking two lots of the slow cooking beet when one does for both times. Here is a day of her menus to show you how she dovetails the dishes on different meals.

### Breakfast

- Orange Juice
- Coddled Eggs
- Toasted English Muffin
- Milk

### Dinner (for the children)

- Boiled Leg of Lamb
- Baked Potato
- Riced Carrots
- Strawberry Junket
- (Flavored with a few frozen strawberries)

### Supper

- Scotch Broth with Barley
- (This is a by-product of the lamb)
- Canned Asparagus with Grated Cheese and Breadcrumbs
- Toast
- Milk

### Young Apple Pie

Young Apple Pie when looked up in the recipes for children turns out to be made by alternating layers of corn flakes and thinly sliced apples with daubs of brown sugar and butter, and baking it in the oven for about half an hour.

### Your Dinner

- Bouillon with Sherry
- Boiled Leg of Lamb with Caper Sauce
- or
- Lamb Curry and Rice
- Braised Carrots and Celery
- Strawberries and Cream

(These are the frozen berries of which you used a few for the children)

There are ten days of such menus and you and your children could live handsomely using them as they stand, and I bet your bills would be down and your children more interested in their meals at the end of the time.

Perhaps the most valuable chapter of all is called "A Supper a Day Seventy-five Supper Dishes for Children." If you find half of this number which your children like, the

book is cheap and worth while. The author is full of ingenuity—try this one.

### Bacon Threaded Potatoes

Scrub potato and cut a hole through it lengthwise with an apple corer. Pull a slice of raw bacon through the hole so that it sticks out a little at each end. Bake as usual. Not only does the flavor of the bacon permeate the potato but the potato itself looks pleasantly odd.

### Pink Omelet

Incorporate a small amount of tomato purée in your omelet mixture before cooking. This will give the

finished omelet a pink tinge and added flavor.

You see Mrs. Hilles knows her children to whom the oddness of the looks of the potatoes and the color of the omelet are as important as the flavor of Escoffier's masterpieces to an old gourmet.

Not only are home meals covered. There is a chapter about the lunch you take to school, and it starts this way. "There is usually enough of everything in the refrigerator to make a school lunch except imagination." Did you ever carry a meal like this to school?

### Vegetable Soup

- Chicken Leg
- Very thin buttered white bread
- Chocolate Custard

Personally I grew up on egg, salmon and peanut butter, egg, salmon and peanut butter sandwiches in endless rotation.

One of the best chapters is called "Food for Thought" and it has a list of children's likes and dislikes. Last on the list of dislikes is "Taking a spoonful for Mother. (It will lead to a loathing of liver and bacon, or of Mother. Take your choice!)"

At your grocer's in 7- and 12-oz. packages — also in the new FILTER-type tea balls.

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This famous name is your guide to really fine tea

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English Quality

## BISCUITS

Famous Throughout the Empire



### LISTEN

every Wednesday evening at 9.30—to Weston's *Memoires In Music*—presented from the stage of the Imperial Theatre. Broadcast over CBE and a group of Canadian Radio Stations.

GEORGE WESTON LIMITED, TORONTO, CANADA



# DRESSING TABLE

## Attention--Eyes Front!

BY ISABEL MORGAN

SINCE the eyes are the most expressive feature of the face and lend themselves most aptly to discreet artistry, it behooves us to make the most of them.

Those whose lashes are light in

color will make the happy discovery that the color of the eyes seems to take on a darker, deeper tone when shadowed by lashes that have been slightly darkened. Especially is this true of those of blonde coloring.

## Canada's Gifts to the World of Beauty



### FAY WRAY

Talented Canadian-born Actress, whose latest productions, "Wildcat Bus", "RKO", and "Legacy", Columbia Pictures, are now showing throughout Canada. Don't miss them at your local theatre.

## Enjoy the thrill of having SOFT, LOVELY HANDS

FAY WRAY is a charming gift from Canada to Hollywood and the world of beauty. Wherever her pictures show, Canadians thrill to her vivacious youth and superb acting. Like Fay Wray Campana's Italian Balm is of Canadian origin. Years ago it was made especially to protect the skin of winter-loving Canadians against the rigours of our brisk, bracing climate.

Today's Campana's is the favourite skin lotion among women all over the entire Continent. It contains the costliest ingredients, requires only one drop for an application for both hands—and what is more it acts fast—there is positively no stickiness. 15c, 25c, 35c, 50c, \$1.00 at your favourite cosmetic counter.

If you prefer a cream to a lotion, try the new Campana Hand Cream—25c and 50c jars.



Never pluck above eyebrows, but for a natural appearance clean out the straggly hairs growing under brow.

Very often this type has long and luxuriant lashes that are almost invisible because of their extremely light hue. This tends to give the eyes a slightly protruding appearance. They never should consider using black mascara as this will give them a hard "made-up" look in contrast with their light coloring—rather they should choose a brown shade that looks completely natural while giving the eyes the necessary emphasis.

Members of another group who find mascara a flattering addition to their appearance are those with lashes inclined to be short or scanty. Short lashes can be made to seem longer if the fine, almost invisible, tips are darkened and brought into prominence. And during the day and night they should use one of the creams designed to encourage lash growth.

An important thing to remember after applying mascara is that the lashes should be brushed up with a dry brush so that they don't cling together in little spikes.

### South American Way

Inspired by Reynaldo Luza's fascinating collection of native South American costumes, Elizabeth Arden has created a new complexion for the new fashion trend. It is Liquid Bronze Glo, a complexion tint to transform North American beauty into South American drama, for Anglo Saxon skins look pale and insipid against the wild splendor of colors designed for the tawny complexions of Latin American belles.

The exotic and tropical folk colors are made of dyes brewed from native plants after the ancient culture of the Incas—colors to be found in Indian pottery and serapes. They are repeated again and again in fashions this year. Colors to watch are the vivid green of giant fern, vibrant purple, geranium red, chartreuse and "cholla."

The Liquid Bronze Glo itself, is a delicately fragrant tint, the color of deeply burnished bronze. It has a special liquid rouge that lends a

The colorful South American influence is seen in this white felt sailor with brim laced with purple jersey. Brenda Marshall, Warner star.



Keep the eyebrow pencil sharpened to a fine point and choose a shade darker than your natural coloring.



To enhance the illusion of greater width between eyes, apply mascara from center of the eye and outward.

glowing warmth rather than an effect of added color to the cheeks. With it Elizabeth Arden puts her "cholla" pink Cyclamen Evening lipstick, her Malachite eye shadow and, if you crave the exotic, just a touch of gold above lashes made brightly black with cosmetic. The Glo is a powder foundation, to be worn with a single powder... Sun Fair Illusion... or for a complexion slightly darker in tone, Rose Beige Cameo. The Glo is applied with a little pad of dry cotton then blended with the



Pencil should not be used to draw a straight hard uncompromising line, but in a series of fine sketchy strokes.



Unruly eyebrows can be subdued by applying bandoline with a tiny brush. Posed by Gale Page, a Warner star.

fingertips—giving the skin a warm coppery tint that may be made deeper if you wish, by a second application after the first has completely dried. It should be carried well below the neck and shoulder-line... not forgetting hands and arms and the tender white skin behind the ears. The liquid rouge is also applied with a small piece of dry cotton, and then blended with the fingertips. A small quantity should be used at first, adding more color as required and blending each application carefully.



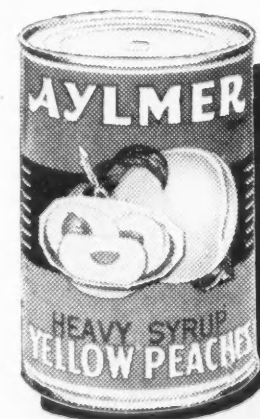
## Peaches

Luscious AYLMEY Peaches are canned at the very peak of flavour... fresh from famous Niagara Orchards.

Carefully selected for quality... natural flavour retained... you will find AYLMEY Peaches the last word in a delicious dessert.

Buy Canadian Buy British!

## AYLMER Brand



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# "THE BACK PAGE"

## The Star Leads On

BY ELISE AYLEN

THE west-bound train, ploughing through snowdrifts and bitter cold, drew in slowly at a small wayside station and three men alighted. They stood together silently on the deserted platform with folded hands while the train sped quickly and disdainfully on. They wore heavy grey coats and round caps of grey fur, and they had long grey beards.

The station master coming reluctantly from his warm office eyed them curiously as the tallest of the three men stepped forward and spoke to him in a low, quiet voice. After a few words he nodded comprehendingly. Yes, he said, he knew the people. The woman was ill and had to be taken off the train. They were refugees. Yes, they were Jews.

He turned away and spoke to a man who had just driven up with a team of farm-horses and a heavy sleigh. Then he returned to the strangers. "Hansen will take you. He knows where they are. It was he who drove them."

The three men climbed into the back of the sleigh and sat down among rugs and milk-cans and a litter of straw. The driver after a wondering word to the station master took his place and drove off.

The night was very still and the jingling of the sleigh bells broke the quietness with a shrill, shivering sound. The road was scarcely a track winding between drifts and willow bluffs and out over the long, rolling sweep of the prairies. A star hung brilliantly, low in the western sky. The driver pointed at it with his whip. "That star," he said; "I dunno, it seems to look different."

"Ah, yes; the star." The three men looked up at its trembling light. "The star leads on, though we are few that follow." They said no more, but as the sleigh went on swiftly over the hard snow it seemed indeed that the star moved before them and they came at last to a farm-house with a closed, forbidding look and a low group of out-buildings.

"THIS is the place," the driver got down. "We couldn't get her as far as the village. We had to bring her in here." The men followed him as he led them toward the barn. He pointed back at the house scowling. "They're real mean people, they are. Wouldn't take them in. We had to carry the woman into the barn."

A little circle of light shone out as he pushed the door open and they entered softly. The place was warm with the warmth of many cattle and dug and straw. A lantern was set on the floor and near it on a bed of sweet-smelling hay lay a woman covered with a dark cloak. She

long, grey coats and bowed their faces to the earth. They took out from the folds of their clothing each a small object wrapped in a rich cloth which they laid upon the stable floor; two jars of scent and spice and a little casket of pure gold. The

mother covered her child again and lay back exhausted. The man beside her lifted his weary head and made a sign of thanks and blessing, but he spoke no word. He seemed too weary and too hopeless.

The strangers withdrew and went in silence back to the sleigh. The driver stopped to shake his fist at the closed house. "I never did like those people, real mean they are."

The great star had gone from the sky and the night seemed darker and more desolate. "It's a queer thing," the driver said, "to watch those stars and think of the old world turning round slowly year after year." "Yes," replied one of the men, "the world turns and time turns with it, bring-

ing back age after age the same promise, the same hope, the same disaster. As if we were caught in a great circle, and it's hard to find the way leading out of it and upward." "I don't know that I understand that," said the driver, "but I'm right sorry for those friends of yours. They're refugees, I guess; fled away from Hitler who would have killed them all if he could."

"Ah, yes; Hitler," said another of the men. "Herod did the same thing but that was long ago."

"We have seen it all before," explained the third man, "oh, many times. It is very sad."

"Perhaps," said the first man again, "we shall one day find the way out."

The circle will become a spiral and life be redeemed from evil. It is that we watch for. And God is born forever in the world—we must not despair."

The men sighed and fell into a deep silence until they drove into the station yard. They went into the station house, where the master sat warming himself beside a smoking oil stove. Yes, they told him, they would wait here for the next train. Yes, they had come a long way and they had a long journey still before them. They could not say how long.

They sat down in a row, quietly, on the old wooden bench in the station-house, their hands folded in their sleeves, and seemed to sleep.

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Shoulders padded only enough to narrow your hips... waists hitting a natural level... jackets long to give you that lean look of a mannequin... refreshing white standing against Argentine navy, or mineral black. These are the things that distinguish you with "That New 1941 Look."

FOURTH FLOOR—MAIN STORE

☆

Photographed: Rayon crepe dress with clever trim of hand-run Alencon lace. In black, size 18; in navy, size 20. Each \$39.50. One from a new style group. Misses Dress Shop.



## REQUIEM

THE major revelation  
Of our government commissions  
Is a scarcity of statesmen  
And a plague of politicians.

E. G. NEIGH.

seemed asleep and her breath came slowly and with difficulty. Perhaps it was light from the lantern falling on her pallid face that seemed to cast a halo round it. A man sat near her watching, his head sunk wearily forward on his breast. Between them, in a manger, was a new-born child wrapped warmly in a woolen blanket. "We looked after them as well as we could," whispered the driver. "We brought them food and blankets but we can't understand their language." The woman opened her eyes, large and dark and full of pain. But when she saw the three strangers she smiled softly. Lifting herself slowly on her arm she leaned toward the manger, and drew aside the blanket a little, that they might see the child's face, but so lightly that it did not wake him.

When they saw the child the three men knelt down gravely in their

THE T. EATON CO LIMITED



## South America Can Be A Great Canadian Market

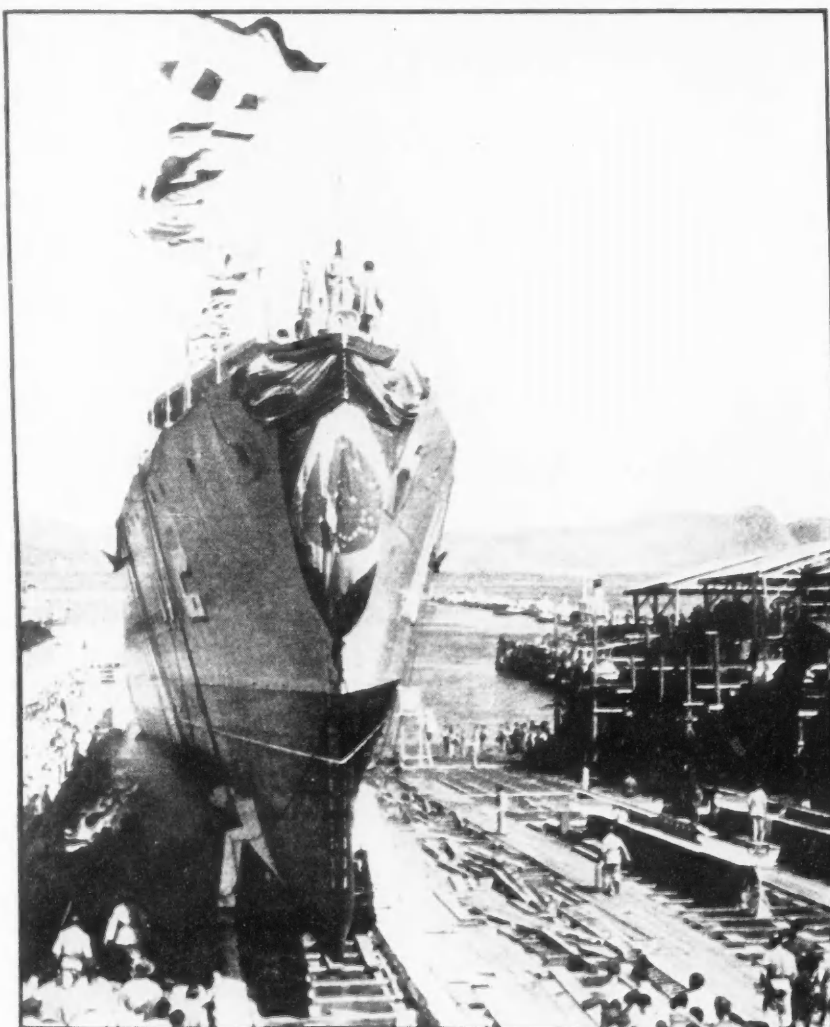
BY RAYMOND ARTHUR DAVIES



Recently, at Rio de Janeiro, Brazil launched her tenth destroyer which was named "Mariz e Barros". Four more destroyers are being built. Here President Vargas (right) chats with Naval Minister Aristides Guilhem.



Mrs. Maria Capanema, beautiful wife of the Minister of Education, baptized the new destroyer. On the conclusion of her speech she smashed the traditional bottle of champagne over the ship which then . . . . .



. . . . . slid gracefully into the sea. The "Mariz e Barros" is equipped with five 5-inch guns, four anti-aircraft guns and 12 torpedo tubes. A 1500-ton workhorse, she has a speed in excess of 35 knots per hour.

THE most direct and deep-going effect of the war on Latin American trade has been the almost complete elimination of Germany, Italy and the countries occupied by the Nazis as consumers of Latin American products and as suppliers of a wide variety of manufactured goods and aliments. The importance of this situation for Canadian trade can hardly be overestimated.

In 1938 Latin American imports were valued at \$1,488,500,000 while exports were worth \$1,833,700,000. Of the imports about 40 per cent came from continental Europe. During that year Germany alone sold Latin American goods to the value of \$237,794,000; Italy, \$43,918,000; France, \$48,267,000. At the same time Germany purchased \$188,915,000 worth of Latin American goods; Italy, \$28,383,000; and France, \$73,487,000. These figures reveal the enormous market left fallow by the effective blockade imposed by the Royal Navy and in a certain way they establish goals for which our industry must aim.

During the year preceding the war, the United States continued to retain the role of Latin America's best customer, taking approximately one third of all Latin American exports (30.2 per cent.). The United Kingdom was second with 16.8 per cent; Germany third with 10.5 per cent. France followed with 4.1 per cent, Italy with 1.6 per cent and Japan with 1.3 per cent. The trend has been, however, towards greater trade with Germany and Japan at the expense of the United States and

the United Kingdom.

The United States also remained the principal single supplier of the Latin American market, its share being 33.9 per cent (as compared with 38.5 per cent in 1929). The share of the United Kingdom declined from 16.3 per cent in 1932 to only 11.7 per cent in 1938, while that of Germany rose precipitately from 9.5 per cent in 1932 to 16.2 per cent in 1938.

Canadian businessmen should act rapidly and efficiently if they wish to win a considerable portion of the trade with South America formerly done by Germany, Italy, France and the other countries in Europe.

## Possibilities and Difficulties

An examination of German, Italian and continental European trade with individual Latin American republics serves to reveal possibilities open in each case, but also the difficulties which will confront us when the problem of absorbing surplus products will arise.

In almost every case just prior to the war, Germany had succeeded in becoming the second best customer, either immediately following the

United States or in a few cases, the United Kingdom. In 1939, with the blockade in effect during the last quarter of the year, Argentina, for example, still recorded having taken 17.5 per cent of her imports from Germany, France and Italy and having sent them 12.5 per cent of her exports. A considerable proportion of all textile goods imported into Argentina came from Italy and about one half of the rayon yarn. Germany furnished three-fifths of Argentina's silk thread, France 50 per cent of the natural silk goods imports and 33 per cent of the rayon piece goods. A fourth of all iron and steel manufactures came from Germany and 21 per cent from Belgium. Pig iron, steel rails and structural steel shapes came from France. Belgium and Germany supplied most of the kitchen utensils, cutlery, tools, hardware and Germany alone held the second place in sales of machinery and machine products.

## THE BUSINESS ANGLE

## Canada Needs a Churchill

BY P. M. RICHARDS

DID you read "War at Your Door" by Elizabeth Greey in last week's SATURDAY NIGHT? To me it conveyed, better than anything else I have seen, the enormous difference between Britain's war effort and Canada's. The people of Britain, Miss Greey showed us, are living the war every moment of their day and waking night; the war and its advancement colors every voluntary action, down to the seemingly most trivial.

For example, a new coat is left unbought because the material might make a soldier's uniform, new dishes because they could be exported to the United States to gain dollars to pay for ships and guns. Every household saves rags, paper, metals and even bones for war salvage; even paper bags (if the goods had not been carried home unwrapped to save paper, which they commonly are) are neatly folded and returned to the shops they came from. Everyone grows vegetables in the back garden; apartment-dwellers even grow them in window-boxes, or try to.

These are not isolated examples of patriotic endeavor; the point is that everyone is doing these things and lots of others like them. To the people of Britain, this is truly a "total" war; it takes in themselves, their possessions and all their endeavors; it rules everything. To Canadians, so far, the war hasn't meant anything like that. The people of Canada are still making war as war used to be made; they send their sons to fight, they produce war supplies, pay some extra taxes (though not enough); otherwise they lead much the same lives that they led in peacetime.

## Lack of Leadership

But this does not represent the attitude of the Canadian people toward the war. There is evidence on all sides that they want to do more. Miss Greey, who recently returned to this country after three years in London, declared last week that Canadians "obviously want to 'feel' the war, to have and make sacrifices." The trouble is that they don't know what to do, what kind of saving and what kind of effort will be really helpful. They have no leadership.

A couple of weeks ago in SATURDAY NIGHT, Politicus (this paper's political reporter at Ottawa) wrote a

piece about the war effort and the politicians which also covered this matter of leadership. He talked about the enormous satisfaction (at Ottawa) with the progress of the war effort and the painful contrast presented by concrete results. He asked, in reference to Mr. Ilsley's exhortations to buy war savings certificates: "How in heaven can the government expect people to deny themselves a pair of shoes or a new dress or a hat if every day all sorts of propaganda goes out to the voters telling them that it is a magnificent war effort, that everything is hunky dory?"

Politicus quoted from a speech by Captain Harold Balfour, Britain's Under-Secretary of State for Air, in which he told the people of England that "To win we must pay the price. We must be willing to make our bodies tired and to empty our pockets; to give up every jewel we cherish, every material possession. . . . If, through covetousness, we should fail in this . . . then, truly, we should face disaster."

## Be Discontented

Captain Balfour said that if he were asked how the maximum effort in work, national service and saving could be achieved, he would answer: "Be discontented, be angry, be intolerant. Cultivate the offensive spirit in industry, as do our Air Force pilots in their fighting. We must be discontented with our efforts of yesterday and today, in each and every direction."

That, it seems to me, is most excellent counsel for Canadians too. Let us be dissatisfied with our war effort—or rather, let us make the dissatisfaction which already exists everywhere but at Ottawa, vocal and explicit. Let us continually press Ottawa to get on with the war, and assure them that we, the people, can take whatever has to be taken to that end.

What we, the people, want from Ottawa is direction of the war effort—vigorous and, we will hope, capable direction. We want particularly more direction on how the individual citizen can help most effectively. Should we individually save every possible dollar to put into war bonds and savings certificates, or should we spend when we can to maintain business and employment and tax-paying power? Even this primary question, affecting every citizen every day, has not been settled.

What Canada needs in the worst way is a Churchill.





The same situation prevailed in Brazil which took nearly a fourth of her imports from Germany, Italy and France who in their own turn absorbed a fifth of Brazil's exports. Germany was second in supplying electrical machinery and sold Brazil 80 per cent of her imported iron bars and rods, 28 per cent of all her rails and railway accessories, 70 per cent of the wire imports, 31 per cent of the tubes, pipes and joinings and 53 per cent of her structural steel imports. In addition she also sold Brazil 56 per cent of the wool yarn imports, 39 per cent of the coal and 65 per cent of the dyes. Formerly most of the pulpwood consumed in Brazil came from Germany and 36 per cent of the sewing machines. Today Canada has already taken over much of this market.

#### Germany, Italy, France

Just under a third of Chile's imports and 17 per cent of her exports were accounted for by Germany, Italy and France. More than half of the required metal products, machinery and tools, glass, stone and ceramic products, paper and cardboard, jewellery and watches, scientific, musical and professional apparatus came from these three sources.

Costa Rica took from Germany 17.7 per cent of her total imports and sold her a fourth of her exports. Ecuador sold Germany 26.1 per cent of her exports and bought a sixth of her imports. From Salvador Germany bought 30.16 per cent of all her exports and sold her 10.6 per cent of the imports. In Guatemala the figures were 29.3 per cent and 11.5 per cent.

Germany and France absorbed 21.1 per cent of Haiti's exports of which Germany's share was only 3 per cent.

Germany, Italy and France sold Peru 20.2 per cent of her imports and took 12 per cent of her exports. Uruguay bought from the three countries a fourth of her imports and sold them 21.9 per cent of her exports. Sixteen per cent of all machinery, vehicles and instruments imported by Peru came from Germany which was second in the sale of metal goods and also supplied over one third of chemical, pharmaceutical and biological products. Germany led in the sale of stationery, cardboard and paper, stone and glasswares, natural silk and rayon and leather and hides.

It may be said without contradiction that a considerable proportion of the economic vitality of the Latin American republics came from the proceeds of trade with continental Europe, trade which has now all but completely disappeared.

The effect of the war on the economic situation (and indirectly upon the political) has thus already approached catastrophic proportions.

#### Accumulated Bills

In Argentina, for example, mountainous surpluses of meats, wheat and corn are piling up. Foreign trade has even now dropped by over 40 per cent and the bottom of the slide is not yet in sight. The trade balance with the United States has become increasingly unfavorable and there is an acute shortage of exchange with which to meet accumulated bills. During the first six months of the war Argentina was forced to purchase goods in the United States to the value of \$74,628,000 but has been able to sell only \$30,958,000. During the previous year the figures were \$33,829,000 and \$34,060,000 respectively. There is no wonder that Argentina must search desperately for other customers and suppliers. The situation is hardly better in the other nineteen republics.

As purchasers we have done rather well in South America during the eleven months ending November, 1940. During this period our imports from ten of the republics have more than doubled, being \$30,775,000 as against \$13,907,000 during the same months of 1939. In 1940 we bought from Argentina products worth \$6,356,000 as against last year's \$3,779,000. Our purchases from Brazil rose by 500 per cent from \$1,933,000 in 1939 to the present \$5,190,000. In the case of the Dominican Republic the rise has been sensational

no less than 22,500 per cent from \$16,000 during the first eleven months of 1939 to \$3,629,000 in 1940!

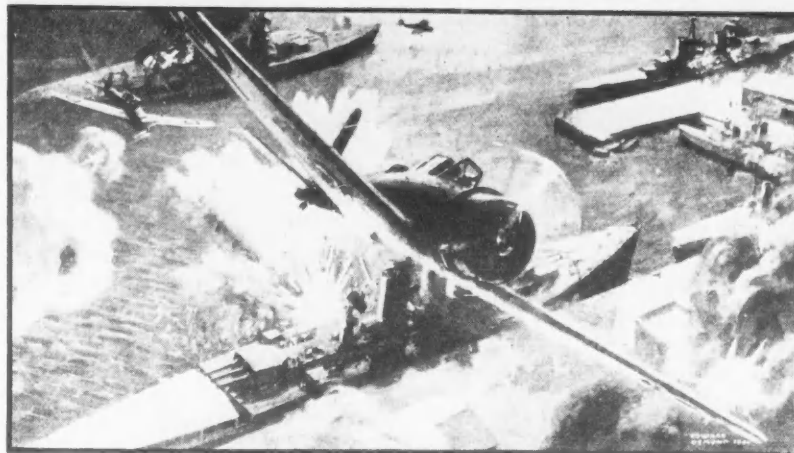
As salesmen however, we have not done so well. The increase in exports for the first ten months of 1940 as compared with 1939 has been barely 40 per cent. What is of importance here is that the trade balance has gone sharply against us and instead of preserving foreign exchange and gold, we shall have to export some seven or eight million dollars to balance accounts.

Although we have some reason for being proud of the general increase of our trade with Latin America (the overall improvement is over 70 per cent) we are forced to realize how small our gains are when we compare them with the field left vacant (unwillingly, of course) by Germany whose sales to Brazil, to name but one country, were \$73,809,000 in 1938. Brazilian requirements for goods formerly supplied by Germany, Italy, and France, etc., are either not being met

as yet or are being rapidly filled by our friendly American and the not-so-friendly Japanese competitors.

It would seem that with greater effort and a more realistic approach we should be able to do more business. What we are about to face is suggested by certain reports seeping across the border. We hear that the major United States steel companies are working feverishly to take over most of the Latin American steel business not only from Germany but also from the United Kingdom and Belgium, the three chief purveyors prior to the war. A wide and effective advertising and publicity campaign is being prepared and specially trained salesmen are girding for the "battle." Canadian business faces the necessity of following suit or falling far behind.

We must begin to speak in terms of millions where we dealt with tens of thousands before. We haven't much time left. Others are not asleep.



The Royal Air Force is carrying the war right into Italy's backyard in an effort to paralyse that country's already half-hearted effort. This is an artist's conception of an attack on an Italian naval base by the Royal Navy's Air Arm. In East Africa, Italian forces abandoned the strongly fortified fort at Kassala without firing a shot and, as last week ended, were in full flight toward Ethiopia's desolate hills.

#### New Issue

**\$500,000**

## Federal Foundries & Steel Company

LIMITED

(Incorporated Under the Laws of the Province of Ontario)

### 5½% First Mortgage Bonds

Dated 15th December, 1940

Due 15th December, 1950

Principal and half-yearly interest (June 15th and December 15th) payable at the main office of the Company's bankers in Toronto, Montreal, London, Windsor and Halifax. Callable as a whole or in part at any time on 30 days' notice at 103 and accrued interest.

Denominations: \$1,000, \$500 and \$100

Bonds registerable as to principal. Registrar and Trustee: Crown Trust Company, Toronto.

#### Capitalization

5½% First Mortgage Bonds—Authorized \$600,000—To be Issued \$500,000

Common Shares, No Par Value—Authorized 750,000 shares—To be Issued 500,000 shares

#### Purpose of Issue

The purpose of this issue of \$500,000 bonds is to complete the purchase of the plant and equipment of the London Rolling Mill Co., Ltd. at London, Ont., and of the Sandwich Foundry Co., Ltd. at Windsor, Ont., to provide funds for repairs and additions at an estimated cost of \$90,000 and to provide the Company with approximately \$137,000 of working capital. The issue of bonds is secured by first mortgage on all the fixed assets of the Company and a floating charge on all other assets.

#### Plant and Equipment

The London plant is equipped with two modern electric furnaces, rolling mill equipment, etc. and with certain improvements and additions to be provided for out of this issue it will have an annual capacity of 20,000 tons of high grade alloy and tool steels. The Windsor plant is modern, ideally located and will have an annual capacity of 50,000 tons of grey iron, steel and semi-steel castings, production to be on assembly line principles. These properties have been currently appraised at a total depreciated value of \$665,367.

#### Directors

**E. A. Wilson, President**

President and General Manager, Ingersoll Machine & Tool Co., Ltd.; Vice-President and General Manager, John Morrow Screw & Nut Co., Ltd.; Director, Huron & Erie Mortgage Corp.; Director, Canada Trust Company.

**A. J. Brandt, Vice-President**

Senior Partner, A. J. Brandt Co., Consulting Engineers, Detroit, Mich.; previously

associated with General Motors Corporation, E. I. DuPont de Nemours & Co.; United States Rubber Company; American Locomotive Company; American Car & Foundry Company; Austin Motor Co., Ltd.; Birmingham, England; Pirelli Rubber Company, Milan, Italy; and the International Harvester Company.

**C. M. Murray, Director**

Canadian Representative for Brace-Mueller-Huntley, Inc. Steel.

**Travers Sweetman, K.C., Director**

Barrister at Law.

**George J. Sykes, Comptroller and Secretary**

#### Operation and Earnings

In the opinion of the management, the outlook supports capacity operations from the outset and under peace conditions the Company will provide a much needed permanent source of high grade steels in Canada.

A careful survey of the productive capacity of the plants and the demand for the company's products indicate earnings of not less than three times the requirements for bond interest for the first full year of operation after substantial allowances for depreciation and Federal Taxes.

#### Sinking Fund

The Company is obligated to set aside not less than 50% of its net profits for the redemption of bonds and not less than 75% of such sums as may be available for depreciation must be applied to the redemption of bonds before any dividend can be paid on the common stock.

*We offer the bonds of this issue if, as and when issued and accepted by us, subject to the favourable approval of Counsel.*

**PRICE: 98 and accrued interest, yielding over 5.75%**

Carrying an Allotment of 100 Shares of Common Stock of No Par Value with Each \$1,000 of Bonds Purchased

**Harrison & Company**

Limited

66 King Street West, Toronto, Canada

**J. H. Crang & Co.**

304 Bay Street, Toronto, Canada



## A CHECK-UP OF YOUR INVESTMENTS

A requisite of a sound investment portfolio is a periodic analysis by a competent investment consultant. This service may be obtained without obligation at any of our offices.

**A. E. AMES & CO.**  
LIMITED  
Business Established 1889  
TORONTO

Montreal Winnipeg Vancouver Victoria New York London, Eng.

# 1941

Let us make this a year  
to look forward to with  
ambition and to look  
back upon with pride.

CONSOLIDATED FIRE  
and CASUALTY INS. CO.

FEDERAL FIRE INS.  
CO. OF CANADA

WELLINGTON FIRE  
INSURANCE COMPANY

OFFICERS  
H. BEGG, Pres. and Manager  
W. H. BUSCOMBE, Fire Manager  
H. L. KEARNS, Casualty Manager  
J. G. HUTCHINSON, Sec.-Treas.  
GEO. A. GORDON, Supt. of Agencies

**SHAW  
&  
BEGG  
LIMITED**  
14-24 TORONTO ST.  
TORONTO

## THE WESTERN SAVINGS AND LOAN ASSOCIATION

HEAD OFFICE—WINNIPEG, MANITOBA

BRANCH OFFICES:

AGENCY BUILDING	EDMONTON, ALBERTA
211A EIGHTH AVE. W.	CALGARY, ALBERTA
MCCALLUM HILL BLDG.	REGINA, SASK.
411 AVENUE BUILDING	SASKATOON, SASK.

**Clarkson, Gordon, Dilworth & Nash**

TORONTO MONTREAL HAMILTON WINNIPEG VANCOUVER

Chartered Accountants

**E. R. C. CLARKSON & SONS**

Authorized Trustees and Receivers.

15 Wellington Street West

TORONTO



WILL THEY GET HIM BEFORE JANUARY 31?

## GOLD & DROSS

It is recommended that answers to inquiries in this department be read in conjunction with the Business and Market Forecast.

### CONSOLIDATED BAKERIES

Editor, Gold & Dross:

I am considering the purchase of Consolidated Bakeries and would like to know if there is any unfavorable news. It seems to be very low. Why? Are this year's (1940) earnings down or is the outlook not so favorable? Or is there something unfavorable for the industry generally?

M. O., Hamilton, Ont.

The stock of Consolidated Bakeries has average speculative appeal at the present time both for income and appreciation.

You must remember that the whole Canadian baking industry has been depressed by the processing tax which has been placed on wheat which will shove costs up without a compensating rise in the retail price of bread. Also, Consolidated Bakeries hasn't declared the 25 cents per share bonus which it has in previous years, which would indicate that earnings in 1940 are not likely to measure up to 1939's \$1.16 per share.

A point to be made here, then, is that really you should be reckoning the yield on something around a dollar per share dividend which means that the yield would, of course, approximate 7.4 per cent, instead of 9.6 per cent. Also, you must remember that this company is in an exceedingly strong financial position; so strong, in fact, that it pays out approximately its total net income in dividends.

### CONSUMERS' GAS

Editor, Gold & Dross:

As a subscriber for some years would you kindly give me some information regarding Consumers' Gas stock. I have always thought it to be one of Canada's best common stock investments and have been considering the purchase of some of it. But since the annual report came out the stock seems to have dropped quite a lot, approximately 15 points, and I am now wondering if there is any valid reason for this. What do you think of the stock?

D. B. K., Edmonton, Alta.

The stock of Consumers' Gas Company of Toronto has no more than average attraction at the present time. This company represents a type of company which receives no benefit in the way of additional revenue from the increased industrial activity of the country, while at the same time having to cope with higher expenditures principally of an uncontrollable class—which are related directly to Canada's war effort. The second reason for the downward trend of the stock is the rise in the exchange rate of United States funds to 11% on the declaration of war, an additional expense which is unavoidable, since, unfortunately, the United States is the only practical

source of the company's coal supply. The third, of course, is due to the higher rate of direct taxes and excess profits tax.

Of every dollar received by Consumers' Gas from the sale of gas in the latest year, 12.2 cents was paid to the tax authorities which compared with the corresponding figures for 1930 and 1920 of 7.2 cents and 4.8 cents, respectively. Next year, the company will have to provide for the larger Dominion tax for a full twelve months, instead of nine months, and will have to bear the full effect of the war exchange tax of 10% on the invoice price, plus exchange, on all goods imported, other than goods entering under the British Preferential Tariff, which became effective June 24, 1940. Also, you must realize that the company's position with respect to taxation is entirely different from that of its principal competitor, the Toronto Hydro Electric, whose properties are virtually tax free. The freedom from taxation enjoyed by that system places an unfair handicap upon Consumers' Gas.

### TRYLON METALORE

Editor, Gold & Dross:

Can you tell me anything of a company called Trylon Metalore?

—F. D., Port Hope, Ont.

The Trylon Metalore Corporation is a private company with property in the Sheep Creek area of British Columbia. A few months ago preparations were underway to commence regular shipments of silver-lead ore which included building of a short road and construction of larger camp buildings. A sample of silver-lead ore from the No. 2 vein gave a value of over \$60 per ton. The property consists of 500 acres and four veins have been exposed by test pits, trenches, short adits and shafts.

### MONETA PORCUPINE

Editor, Gold & Dross:

Why the continued low price for Moneta Porcupine? Are the reserves low, is the management shaky, the ore pocket, or just what?

—B. E. C., Vancouver, B.C.

The present price of Moneta Porcupine Mines is attributable to the fact that not much success has attended the efforts to find new ore at depth to replace that being mined and milled. The company is continuing an energetic exploration which may yet reverse the situation as geological conditions are said to be favorable. A good profit is being made, ore reserves are sufficient for about two years' milling and while the future dividend policy is naturally indefinite, it is reasonable to expect a continuation of the present payment as long as it is earned.

**J. P. LANGLEY & CO.**  
C. P. ROBERTS, F.C.A.  
Chartered Accountants  
Toronto Kirkland Lake



## A Home that Savings Built

Savings are not just money... they are houses, farms, travel, enjoyment of life. Money is only the means to an end. The owner of this home used the facilities of the Canada Permanent to accumulate the money with which to build, and his savings paid for it over a period of time. Thousands are doing the same. Canada Permanent is ready to help you also to SAVE and BUILD. Its faith in the future of Canada has remained unswerving since 1855.

**CANADA  
PERMANENT  
Mortgage Corporation**  
Head Office, 320 Bay St., Toronto  
ASSETS EXCEED \$49,000,000

## McIntyre Porcupine Mines LIMITED

(No Personal Liability)  
DIVIDEND NO. 91

Notice is hereby given that a dividend of fifty-five and one-half cents (55½c) per share in Canadian currency will be paid on March 1, 1941, to shareholders of record at the close of business February 1, 1941. Shareholders resident in the United States of America may convert from Canadian to U.S. funds in the same manner as outlined in our circular letter to shareholders dated October 2, 1940.

By Order of the Board,  
BALMER NEILLY,  
Treasurer  
Dated at Toronto, January 14, 1941.

## SIMPSON'S, LIMITED

Preference Dividend No. 40

NOTICE is hereby given that a Dividend of One Dollar and sixty-two and one-half cents (\$1.62½) per share on the Outstanding Paid-up Six and one-half per cent (6½%) Cumulative Preference Shares of the Company has been declared payable on February 1, 1941 to shareholders of record at the close of business on January 25, 1941. The transfer books will not be closed.

Frank Hay,  
Secretary  
Toronto, January 17, 1941

## The Royal Bank of Canada

DIVIDEND NO. 214

NOTICE is hereby given that a dividend of two per cent (being at the rate of eight per cent per annum) upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Saturday, the first day of March next, to shareholders of record at the close of business on the 31st day of January, 1941.

By order of the Board,  
S. G. DOBSON,  
General Manager  
Montreal, Que., January 14, 1941.

## KERR-ADDISON GOLD MINES LIMITED

(No Personal Liability)

INTERIM DIVIDEND NO. 4

Notice is hereby given that an interim dividend of five cents per share has been declared on the issued capital stock of the company, payable in Canadian funds on February 28th, 1941, to shareholders of record at the close of business on February 12th, 1941.

By Order of the Board,  
G. A. CAVIN,  
Secretary-Treasurer  
Toronto, Ontario,  
January 18th, 1941.



# GOLD & DROSS

## MASSEY-HARRIS

Editor, Gold & Dross:

I bought Massey-Harris preferred about 12 months ago and it has de-  
preciated considerably. Please tell  
me if there is any chance of recovery  
in the near future.

C. G. F., Montreal, Que.

The preferred stock of Massey-Harris has less than average attrac-  
tion at the present time. Arrears  
amount to over \$50 per share and I  
don't think that the earnings outlook  
is such that you can expect any at-  
tempt to make a settlement within  
a reasonable period of time.

Earnings in the fiscal year ended  
November 30, 1940, are indicated to  
have continued small, and the out-  
look as I have said is unimpressive.  
Earnings in the previous fiscal year  
were equal to \$5.83 cents per pre-  
ferred share, as compared with \$8.81  
in 1938, and \$8.63 in 1937. Sales in  
Canada should be well maintained  
but the outlook for the former large  
overseas trade, of course, continues  
unimpressive. The higher Canadian

tax rate is another adverse factor.

The company has obtained some  
orders for munitions and airplane  
parts, but profits from this business  
are likely to be small.

## LEE, GREENLEE

Editor, Gold & Dross:

A few years ago I bought some  
Lee Gold Mines shares. Some time  
later this company amalgamated  
with another and is now called  
"Greenlee." Can you give me any in-  
formation on this stock?

M. W. B., Saskatoon, Sask.

Greenlee Mines has an option on  
nine claims at Birch Lake, in the  
Patricia district. A program of sur-  
face exploration was carried out last  
summer with encouraging results.  
A diamond drilling campaign is now  
contemplated to commence as soon  
as the necessary finances are avail-  
able.

Greenlee also has a property in  
the Swayze district, Ontario, and  
two groups of claims in the Yellow-  
knife area, as well as holding 200-

000 shares of Athona Mines (1937).  
Lee Gold Mines shares are exchange-  
able on the basis of one Greenlee  
for each five Lee, and the Chartered  
Trust & Executor Company, Toronto,  
is the transfer agent, if you have not  
already had your shares transferred.

## INTERNATIONAL HYDRO

Editor, Gold & Dross:

I have some International Hydro  
Electric debentures, 6 per cent, 1944.  
These have not looked very good on  
the market recently and I have been  
advised by a broker to get rid of  
them. Do you agree?

C. E. W., Toronto, Ont.

Yes, I do. The 6% bonds of Inter-  
national Hydro Electric, due 1944,  
are highly speculative with little  
possibilities of appreciation or im-  
provement within a reasonable per-  
iod of time.

System earnings in coming months  
will continue to run well below a  
year ago. Parent income, because of  
the depreciation in Canadian ex-  
change, will cover costs of bond in-  
terest by only a small margin at best.

Reflecting increased demand for  
industrial power resulting from the  
war and from both the Canadian and  
American armament program, both  
the Canadian and New England sub-  
sidiaries should record further oper-  
ating gains. However, rising taxes  
and higher costs will probably con-  
tinue to offset the benefits of in-  
creased revenues.

## Income Taxes

Are you claiming all the deduc-  
tions which the Law allows?

Our Income Tax Department is  
thoroughly experienced in the pre-  
paration of Income Tax Returns.  
The service is available for a mod-  
erate fee.

We prepare Returns for hundreds  
of others. Would it not be a relief  
to you to have us attend to yours?

## THE ROYAL TRUST COMPANY

4103G

## BUSINESS AND MARKET FORECAST

BY HARUSPEX

The CYCLICAL or major direction of New York stock prices was  
confirmed as downward in early May, 1940. The SHORT-TERM  
movement was confirmed as upward on June 12 but is now under-  
going test as to continuation.

### HIGHER PRICES IN ORDER

Assuming continuation of the war throughout 1941, as well as  
Britain's ability to hold off any attempted German invasion of the  
Islands, both of which assumptions we make, then higher prices would  
seem in order for the stock market over the course of the year. We  
base this conclusion on indications of a higher level of business and  
earnings during the year than levels prevailing in 1940.

If such conclusion as to the market's course is to be borne out, then  
it would be normal for the market to establish its base, or founda-  
tion for advance, by bottoming in the early part of the year. As pointed  
out last week, this is usually accomplished by mid or late January  
recession, renewed strength into February or March, and then more  
substantial decline in March or April.

### ALL-OUT ATTACK ON BRITAIN

During the current year an extraneous factor must be recognized  
as capable of imposing some variation in the above pattern. This is  
the all-out attack that Hitler has promised the British he would make  
against them. Should this attack come, then, despite any conviction as  
to Britain's ability to frustrate its purpose, there will probably be an  
interval when uncertainty and concern over the outcome will, never-  
theless, adversely affect stock prices. Once the blitz is on, prices  
should weaken and, at some point in its course, assuming it comes in  
the first part of the year, the market could easily establish its bottom  
for the year.

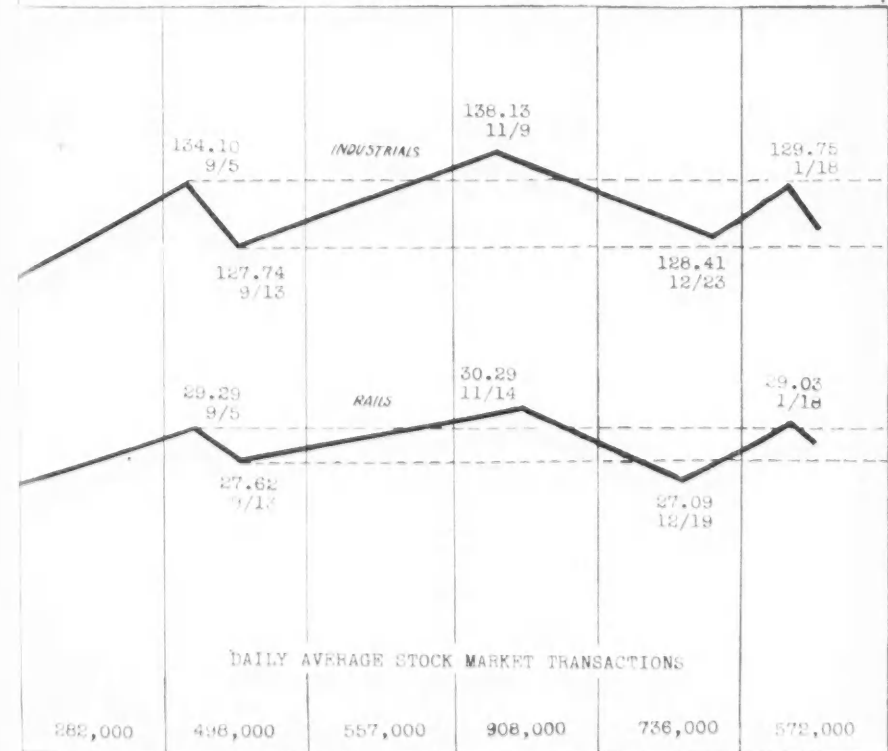
### POSSIBLE EFFECT ON MARKET

Accordingly, the normal market course outlined in the second pre-  
ceding paragraph could be materially interfered with if the Hitler  
move came extremely early or extremely late. That is, a January, Feb-  
ruary attack would black out the February/March strength, while a  
May/June attack could carry the bottom point beyond March/April.  
When Hitler will move is not subject to accurate appraisal, but the  
possibilities of his move on market action must, nevertheless, be kept  
in mind.

Some weakness in the market was evident last fortnight. Exten-  
sion of this decline would be confirmed by closes in both averages at or  
below Industrials 126.63 and Rails 26.08, and would confirm the inter-  
mediate trend as downward, possibly initiating the first quarter re-  
cession referred to above.

## DOW JONES STOCK AVERAGES

AUG. SEPT. OCT. NOV. DEC. JAN.



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# ABOUT INSURANCE

## What the Death Ledgers Show

BY GEORGE GILBERT

WHILE the death rate among holders of ordinary policies showed a decrease in 1940 of 3.2 per 100,000, or .4 per cent, the death rate among industrial policyholders showed an increase of 21.2 per 100,000, or 2.8 per cent, according to the carefully compiled tabulations of the Association of Life Insurance Presidents, based on the combined mortal-

ity experience of legal reserve companies having 81.9 per cent of the ordinary and 82.7 of the industrial policies in force in the country.

These mortality statistics have been compiled annually over a period of twenty years, and the value of this continuous record is much enhanced by the enormous numbers involved in the exposures. In 1940, for ex-

ample, the number of the years of life exposed to risk was 18,856,760 in the case of ordinary policies, and 32,228,986 in the case of industrial policies.

Taking the ordinary and industrial business together, the death rate was 758.0 per 100,000, showing an increase over 1940 of 12.1 per 100,000, or 1.6 per cent. The number of years of life exposed to risk in 1940 was 51,085,746, as compared with 50,735,438 in 1939.

Among the various diseases showing an increased death rate organic heart disease stood first, with 178.0 per 100,000 in 1940, as compared with 172.7 in 1939, an increase of 5.3 per 100,000 or 3.1 per cent. Cancer came next, with a death rate in 1940 of 100.2 per 100,000, as against 96.5 in 1939, an increase of 3.7 per 100,000 or 3.8 per cent. Cerebral hemorrhage showed a death rate of 61.1 per 100,000, as against 58.0 in the previous year; Bright's disease a rate of 46.6 as against 43.4; diabetes a rate of 22.0 as against 20.8; respiratory diseases a rate of 9.3 as against 8.9; typhoid fever a rate of .7 as against .6 per 100,000 in 1939.

On the other hand, there was a decrease in the death rate in the case of 11 other specified causes. The death rate from tuberculosis dropped from 37.1 in 1939 to 36.6 per 100,000 in 1940; the influenza death rate from 8.7 to 6.1; the pneumonia death rate from 42.1 to 35.0; the puerperal state death rate from 4.4 to 4.3; the measles death rate from .3 to .2; the scarlet fever death rate from .5 to .3; the whooping cough death rate from .9 to .7; the diphtheria death rate from .7 to .4; the meningitis death rate from 1.9 to 1.6; the diarrhea and enteritis death rate from 3.7 to 3.2; while the death rate from homicide dropped from 3.1 in 1939 to 3.0 per 100,000 in 1940.

It is to be noted that the greatest absolute reduction was made in the case of pneumonia deaths, and this decrease is attributed largely to the use of the new drugs—sulfapyridine and sulfathiazol.

It is likewise noted that all the diseases most prevalent in childhood showed substantial percentage decreases. The measles death rate showed a 33-1/3 per cent decrease; whooping cough a 22.2 per cent decrease; diphtheria a 42.9 per cent decrease; scarlet fever a 40 per cent decrease; meningitis a 15.8 per cent decrease; and diarrhea and enteritis a 13.5 per cent decrease. As a result of steady improvement over a long period, mortality from these diseases is low.

Notable Improvement

### Notable Improvement

This improvement in the pneumonia death rate during the past three years becomes undoubtedly more notable when it is compared with the rates prevailing in the years 1920, 1923, 1926, 1928 and 1929, when the pneumonia death rate rose to 80 or more per 100,000; in fact, in 1920 it was over 100 per 100,000 of insured lives. Prior to 1938 it averaged in excess of 65 per 100,000 annually.

It is noted that while the mortality from pneumonia showed a greater absolute decrease than that shown by any other specified cause, several other causes taking a much lighter annual toll of life than pneumonia showed greater relative decreases in the death rate. Influenza showed a 29.9 per cent decrease as compared with the pneumonia decrease of 16.9 per cent.

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Surplus 1,330,363.89  
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Wawanesa ranks 1st against all Companies operating in Canada on Net Fire Premiums Written according to Dominion figures for 1939.

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## FIRE INSURANCE WITH Dividends YEAR AFTER YEAR

Under the Northwestern Mutual plan annual savings returned to policyholders have reached the million-and-a-half mark. Since organization over \$26,250,000 savings have been returned to policyholders.

**NORTHWESTERN**  
MUTUAL FIRE ASSOCIATION

ASSETS \$8,970,000

(Continued from Page 38)

been a decrease from 6.2 per 100,000 to the current rate of less than 1 per 100,000. The slight increase shown in the 1940 typhoid death rate is the first in over a decade.

Among the causes of death showing unfavorable mortality trends, the four which caused the greatest increase in deaths per 100,000 are the four diseases showing the highest death rate of all specified causes organic diseases of the heart, which caused 24 per cent of all the deaths among policyholders in 1940; cancer, which along with heart disease has shown a mounting trend since these statistics were first compiled in 1920; cerebral hemorrhage, which has shown a fluctuating trend over the twenty-year period, with a high rate of 60.2 per 100,000 in 1924 and low of 49.3 in 1929; and Bright's disease, which ranks fourth as a cause of death among policyholders and which showed an increased death rate in 1940, the first in six years.

With regard to external causes of death, the record is looked upon as disappointing, especially with respect to automobile accidents. While the 1940 death rate of 19.6 per 100,000 is a marked improvement over the peak rate of 24.3 per 100,000 which prevailed in 1934, it failed by 7.7 per cent to maintain the 1939 relatively good record of 18.2 per 100,000 and reversed the downward trend which had been in progress for two years.

One favorable trend in the mortality from external causes is the improvement in the homicide death rate, which decreased 3.2 per cent in 1940, making the fourth successive year in which an improvement has been recorded. The suicide death rate showed an increase of 4.3 per cent in 1940. Since the peak year of 1932, when the rate was 21.3 per 100,000, only one other year, 1938, failed to show an improvement in the death rate from this cause.

## Inquiries

Editor, About Insurance:

I would like your opinion on my life insurance program. I am 37 years of age; I have a wife aged 34, 1 daughter aged 12, 1 son aged 4, and 1 son aged four months. Under the insurance plan I have in mind, my wife would receive in the event of my death \$75 per month until youngest boy reaches 21 years, my daughter would receive \$500 per year for two years starting at age 17, my two sons \$500 yearly for four years starting at age 17 in each case. When my youngest boy reaches age 21, my wife's monthly income drops to \$50 monthly for remainder of life.

I have had plans drawn up for me by two companies. One company requires \$14,000 insurance to cover these benefits, the other, \$12,000, both with cash settlements at age 65. The premium on the former is about \$35 a year more than on the latter, and the cash settlement is approximately the same.

—H. E. D., Noranda, Que.

Your life insurance program is well-designed in my opinion for the purpose you have in mind, and you are to be congratulated upon it.

If the cash values under the two policies are the same at age 65, while the benefits if death occurs before that age are also alike, I would advise taking the lower-priced policy, provided the company offering it is a regularly licensed company operating under Dominion registry and with a Government deposit for the protection of Canadian policies exclusively.

Editor, About Insurance:

Can you inform me with regard to just what classes of insurance, if any, in addition to fire insurance, the Province of Alberta is authorized to engage in? Is there any legislation which defines or limits its powers in this respect?

H. F. D., Fredericton, N.B.

Section 3 of the enabling Act, which is entitled "An Act to Empower the Government of the Province of Alberta to Engage in the Business of Insurance," and which was assented to April 3, 1939, reads as follows:

"3. The Government of Alberta is hereby empowered to engage in and

carry on the business of fire insurance and reinsurance in all its branches in the Province, that is to say, the business of insuring and reinsuring against loss or damage by fire insurable property of all kinds situate in the Province and incidentally to any contract of fire insurance issued in the course of such business the business of insuring and reinsuring any property to which such contract relates against all or any loss or damage caused by or arising from any defect in or injury to sprinkling or other fire extinguishing apparatus or caused by or arising from tornadoes or windstorms or caused by lightning or explosion, and to do all acts and things which are requisite for the purpose of engaging in or carrying on any such business or are incidental thereto."

Editor, About Insurance:

I understand that the United States Government is making provision for insuring the lives of those joining the country's land and naval forces and also those selected for training. Can you inform me as to the kind of policy issued and the amount of insurance which is obtainable in this way?

D. F. J., Brantford, Ont.

Under the National Service Life Insurance Act, which became effective October 8, 1940, a system of life insurance was established by the U.S. Government for officers and enlisted personnel, including persons selected for training in the land and naval forces. Any such person may apply for this government insurance in any amount from \$1,000 to \$10,000.

This insurance is issued on the 5-year level premium term plan, the policy being convertible to an ordinary life policy, a 20-pay life policy or a 30-pay life policy, on any premium date after one year and within the 5-year term period. Premiums are payable monthly by way of deduction from the amount of the service man's pay cheque.

It will be recalled that similar action was taken by the U.S. Government during the war of 1914-1918. Of the vast amount of insurance issued under that plan, somewhere in the neighborhood of fifty billions, only two and a half billions now remain in force.



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While disabled by Accident or Sickness, and the heavy expenses of Hospital, Nurse or Surgeon, do not worry the man who carries adequate insurance.

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Est. 1887

HEAD OFFICE — TORONTO

Montreal, Ottawa, Hamilton, London, Winnipeg, Calgary and Vancouver

## SUMMARY 54th ANNUAL REPORT

1940

INSURANCE IN FORCE (Including Deferred Annuities)	\$604,571,850
NEW INSURANCE (Including Deferred Annuities)	50,321,495
ASSETS	190,068,352
INCOME	35,152,615
CONTINGENCY RESERVE AND SURPLUS	8,759,200

Payments to Policyholders and Beneficiaries since the inception of the Company total \$246,924,284.

## THE MANUFACTURERS LIFE INSURANCE COMPANY

HEAD OFFICE

TORONTO, CANADA

Established 1887



# England's Credit in the U.S.

BY GILBERT C. LAYTON  
Saturday Night's Financial Correspondent  
in London

**In negotiating credit for England, both that country and the United States must remove the bad taste left by the debts of the last war.**

**Already a good many psychological barriers have been broken down. Even so, what is to be England's security for her debts? The answer is British goods for American help.**

WHATEVER it was that Mr. Mariner S. Eccles, the Chairman of the Board of Governors of the Federal Reserve System, said about lending money to Great Britain it is plain enough that the question will not now be allowed to pine away to neglect. Mr. Eccles was reported to have made the interesting suggestion that \$625 million should be lent against the security of the gold production of the British Empire for the next five years. His spokesman need not have been so anxious to deny the report, for the transaction would not be bad business for the United States. On a cautious estimate the value of gold from the Empire's mines would, in the next five years, be half as much again as \$625 million.

But we should not think in terms of sums like this. Nobody outside the Government and the Purchasing Commission itself knows just how much we are ordering in America, but the great expansion in American industrial capacity will undoubtedly bring the total of war purchases to much more than \$625 million, even in a year. And at home, on the present basis, we are securing revenue which falls short of expenditure by something like \$2,000 million. Our export program, which will provide foreign exchange, is still in its early stages. Our gold reserves have been reduced appreciably. Our foreign assets have already been eaten into to the point where we should exert ourselves to great efforts to conserve what remains in order to face the peace with some confidence in our overseas earning power and influence.

## The Bad Taste

What the American Administration has to face, and what Sir Frederick Phillips, who is in America to discuss the problem, has to face, is how to remove from the mouths of Americans the bad taste left by the debts of the last war. When the Armistice was signed the Allied Governments owed something like \$1½ thousand million. During the war Britain spent about \$2½ thousand million in the States. The original schedule of repayment indicated a sum of approximately \$13 thousand million to be repaid by 1931 by all war debtors of the U.S., and it was clear to the American taxpayer that default would impose a vast new burden on him. Yet the amount owed by Britain, herself was not staggering. The Baldwin-Mellon agreement of 1923 fixed the total at the equivalent of \$946 million, and we continued to pay sums around \$32 million annually from then up to 1931.

Then began the era of attempted compromise and achieved default, and the American public were undoubtedly severely shaken. Of their firm resolve never to make the same "mistake" twice the Johnson Act, which bars defaulting nations from American generosity, was the prime manifestation.

## The Transfer Problem

It can be seen, however, that the irritant quality of the British default was vastly greater than would appear from the size of the sums involved. What made it impossible for us to continue paying was the insuperable transfer problem. America would hear nothing of payment in goods—she actually erected a big tariff barrier—and we could not pay in gold except by dislocating the international monetary mechanism, with results as unfortunate for the U.S. as for us. It is this persisting feeling of disappointment, and the feeling that America's purse was freely used without a proper effort at compensation, that our propaganda and our Sir Frederick Phillips have to overcome.

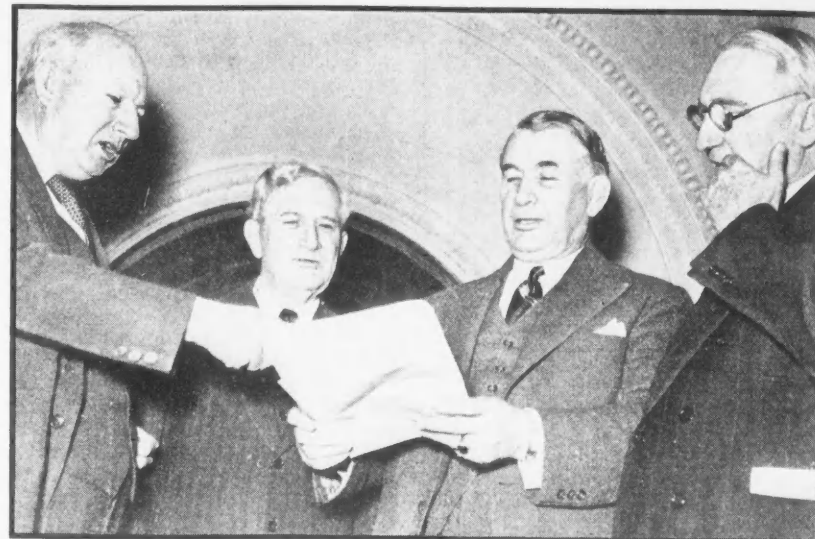
If we understand the position correctly the battle is already half won for us. America still does not intend to come into the war, and we recognize that overwhelming desire. She has, therefore, since she knows that our fight is also hers, already gone a long way towards destroying the psychological objections to big lending. Great Britain is no longer simply

the bad debtor. She is Democracy's hero, and the hero is, at the least, worthy of his hire.

But our negotiations must be entirely on the basis of sound security for borrowing. Where is the security to come from? Mr. Attlee has stated unmistakably in the House that there is no question of our bartering the sovereignty of our Possessions for an American loan. Our stock of gold

and our current production of it will not suffice, except for the early phases of borrowing. Perhaps it is not to be supposed that America would ask us, later on, to restrict our buying of anti-Nazi weapons to the limits of our strict financial strength. But we should remember that our financial strength is not represented solely by the means we have available to operate as security for inter-governmental loans. Our great export facilities are available to America, if she can overcome her reluctance to accept goods in exchange for financial accommodation.

The American Treasury must in any case view with indifference (possibly with some apprehension) the prospect of adding still further to her gold reserves. Before this war is over she will, by normal processes, have contained in her vaults most of the world's stock of monetary gold, so that insistence on a "gold-edged" return for loans is not such good economics as it appears at first sight. Nor must she run the risk of inviting post-war Europe to discard gold altogether as a monetary medium which



Left to right, Senators Pat Harrison, Morris Sheppard, Alben W. Barkley and Walter George study President Roosevelt's "Lend-Lease" bill in which, in effect, the chief Executive presented a blank cheque to Congress. Listed merely as Bill No. 1776, it grants unprecedented powers to Roosevelt, if passed gives him a free hand to help England.

it might conceivably do if it had none of the metal for that would make the financial reward of her neutrality bitter indeed.

It should not be beyond our ingenuity and America's generosity to come to terms on the basis of British goods for America's help.



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89 h.p. at 3600 r.p.m.
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DODGE PANEL TRUCKS are smartly styled—abreast of modern trends in practical design. Their fine appearance is a good advertisement for any business. Dodge Panel bodies are longer and wider. The 1½ ton body illustrated above has a capacity of 156.3 cubic feet.

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When you buy a Dodge Truck you get the benefit of all that Dodge has learned

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The great new Dodge Trucks for 1941 are the best Dodge has ever produced. They meet 98% of all hauling needs. Your individual trucking requirements can be completely met with one of the 12 models of Dodge Job-Rated Trucks.

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